

The complaint

T (a business) complains about West Bay Insurance Plc's handling of a claim made following the theft of tools from a van.

T is represented by Mr E, so I'll refer to Mr E within this decision.

Claims on the policy are administered by a representative on West Bay's behalf. Where I refer in this decision to West Bay, this includes this representative.

What happened

T has insurance for tools it owns with West Bay. The policy includes cover for thefts of tools owned by T.

A number of tools and equipment was stolen from a van. T made a claim on the policy. Mr E, on behalf of T, complained about delays and communication during the claim, saying it was taking too long to resolve and T's business was being affected. He was also unhappy with the requests for information being made by West Bay.

West Bay acknowledged it could have handled the claim better, and that communication with Mr E could have been clearer. It said it would waive the £100 policy excess to recognise this. It also made an offer to settle the claim.

Mr E's unhappy with the offer that was made, and that the loss of T's income hasn't been recognised by West Bay. He referred T's complaint to our service.

Our investigator thought that the settlement offer made by West Bay was fair. He thought that West Bay should pay £200 to recognise the impact on T, and pay £400 for the loss of income which arose from avoidable delays during the claim. West Bay didn't agree and asked for an ombudsman's decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There are three elements to T's complaint that I need to address separately. These are the claim settlement offer, delays and communication with West Bay and loss of income.

The settlement offer

West Bay's offer to settle the claim was based on the items Mr E provided receipts for. However, T also claimed additional tools valued at an additional £250, for which no receipt or other proof of purchase has been provided. West Bay has declined to make any offer for these items. Mr E believes that these should be included in the settlement.

The terms and conditions of the policy say:

“You must provide us with any receipts, documents or proof of purchase, that is reasonable for us to request or we may refuse to consider your claim”

The tools claimed were items owned by T as a business, and used for business purposes. I consider it fair for West Bay to say that in such circumstances, T should be able to evidence the purchase of the items and the amount claimed. I think it's reasonable for West Bay to require proof of purchase for the tools claimed in these circumstances. The terms and conditions say that if such receipts aren't provided, the claim may be unsuccessful. I conclude that it acted reasonably by declining to include the items for which no evidence of purchase was provided by T in the settlement.

I conclude that West Bay's settlement offer was fair and reasonable.

Delays and communication

West Bay has acknowledged that its communication with Mr E could have been better. I agree with its conclusion that in emails with Mr E, it could have been clearer about what was being requested and the reasons for this. It's also acknowledged that it sent requests for the same information on multiple occasions, despite Mr E having responded to these requests.

To recognise this, West Bay said it would waive the £100 excess which would normally be deducted from the settlement. I'm not satisfied this properly recognises the impact of the issues around communication. The poor communication caused inconvenience to T, for example by Mr E as its representative having to respond to unclear requests, or to say that the queries raised had already been addressed to the best of his knowledge.

I'm also satisfied that avoidable delays did occur during the course of the claim. One particular area of dispute was around the provision of a police report or other evidence of the theft. Mr E explained in correspondence that the police had told him that West Bay would need to contact them for information, and had also explained why other evidence wasn't available due to the way in which the theft had occurred. As part of the complaint process, West Bay accepted this explanation, but I'm satisfied that this could have been agreed several weeks earlier, and the claim progressed sooner.

So I'm satisfied that an avoidable delay of several weeks can be attributed to the actions of West Bay. This would have caused inconvenience to T at a time when tools it needed for its work had been stolen, as well as the inconvenience I've mentioned above of needing to repeatedly respond to the same queries from West Bay.

In order to recognise the inconvenience caused to T by these delays and the communication issues, I conclude that West Bay should pay £200 compensation.

Loss of income

T believes that West Bay should be liable for its loss of income during the period where the claim was outstanding. It's estimated its lost income during this period of being in excess of £6,000.

In support of T's claim for this amount, we've been provided with bank statements. Unfortunately these are not business accounts, but Mr E's personal accounts. As such I'm not satisfied that I can safely conclude that these statements show T's reduced income over the period in question. We don't have any accounts showing the income and expenditure of T, or business accounts showing a significant decrease in income.

T's claim is also based on the entire period of the claim, and also on an ongoing basis

because of the reduced settlement West Bay offered which didn't include some items claimed.

I've concluded above that the settlement offer was fair. While the claim did take some time to resolve before the settlement offer was made, I've only attributed a period of several weeks which could have been avoided. I'm satisfied that the remainder of the time the claim took to progress was reasonable in light of the requests being made by West Bay and the provision of information by T. The nature of any insurance claim is that it will always take an amount of time and inconvenience to resolve – it's only avoidable delay that an insurer should be additionally liable for in addition to its liabilities on the policy.

I do think that West Bay should make a payment for the lost income of T over the period of avoidable delays – I think that the settlement could have been made several weeks earlier and this would have enabled T to resume its full trading sooner. As I've said, it's difficult to give a precise sum for this given the lack of evidence but I accept that there would have been a reduced income for T during that period. Our investigator thought that £400 was an appropriate figure for this. T hasn't commented on this figure, while West Bay doesn't believe it should pay anything in this regard.

In the absence of anything additional to persuade me that the amount of £400 should be higher, or any reasons given why it should be lower than this amount, I'm satisfied that this is a reasonable figure.

I conclude that West Bay should pay T £400 for lost income arising from avoidable delays.

My final decision

It's my final decision to uphold this complaint in part. In order to put things right, it's my final decision that West Bay Insurance Plc must:

- Pay £200 compensation.
- Pay £400 for loss of income.

West Bay must pay these amounts within 28 days of us telling it that T accepts my final decision. If it does not, it must pay simple interest on these amounts at a rate of 8% from that date to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 23 June 2022.

Ben Williams
Ombudsman