

## **The complaint**

Mr O complains about his insurer, Calpe Underwriting Limited (Calpe) under his motor insurance policy following an accident involving his vehicle and its subsequent theft. Mr O's complaint is, firstly, that Calpe treated the accident and the theft as two separate claims, so deducted two policy excesses. Secondly, Mr O complains about Calpe's valuation of his vehicle following its theft.

This decision covers both elements of complaint. As they were initially considered separately by Calpe and by this service, then I've considered each before reaching my overall decision.

Any reference to Calpe in this decision includes their agents.

In making his complaint, Mr O was supported by a representative. References to Mr O include his representative.

## **What happened**

In June 2020 Mr O's vehicle ran into the back of a third-party vehicle. Due to the damage to his vehicle, Mr O couldn't drive the vehicle from the scene, so left it parked at the roadside. He contacted Calpe to report the accident and said he was told they would arrange for the vehicle to be recovered. He also said he'd then had a call from a recovery firm about collection of the vehicle. However, this didn't happen, and the vehicle was then found to have been stolen. Calpe disputed they told Mr O they'd arrange for recovery, saying it was his responsibility to ensure the vehicle was secure.

### *Treatment of the accident and theft as two separate claims*

As well as disputing they agreed to recover the vehicle, Calpe also said because the vehicle hadn't been secured (or recovered) by Mr O following the accident, they were treating the accident and theft as separate claims. Under the terms of the policy, that meant two policy excesses would be deducted (each of £3,000). The circumstances of the accident indicated Mr O was at fault, so Calpe settled the third-party costs (a personal injury claim and the cost of repairs to the third-party vehicle). Mr O wasn't happy with Calpe deducting two excesses, as he thought the theft only took place because Calpe hadn't recovered the vehicle from the scene (which he maintained they said they would). So, Mr O complained to Calpe.

Calpe didn't uphold the complaint. In their final response, they said they didn't provide breakdown assistance or recovery services following an accident. Nor was it mentioned in their [policy] documentation. So, even had Mr O requested recovery when reporting the accident, they wouldn't have offered or provided it. So, as they maintained they'd had no involvement in the recovery of Mr O's vehicle following the accident, they couldn't be held accountable for its theft. Calpe concluded there were two separate claims, so Mr O was responsible for the first £3,000 of each claim.

Mr O complained to this service. He said Calpe had acted unfairly by treating the accident and subsequent theft of his vehicle as two separate claims, applying two excess deductions. He thought the accident and theft should be treated as one claim (with one excess

deduction). He also maintained Calpe told him they would arrange recovery of his vehicle. He wanted Calpe to cover his losses, including investigation and legal fees he'd incurred.

Our investigator initially didn't uphold the complaint, concluding Calpe didn't need to do anything more. Based on the evidence available, he didn't think there was anything to suggest Calpe intended to recover Mr O's vehicle following the accident. He also hadn't seen any evidence to indicate Calpe were responsible for the vehicle's recovery, nor that Mr O had been contacted by the recovery firm. Based on this, he concluded it was reasonable for Calpe to set up the theft of the vehicle as a separate claim and apply a second excess. He also thought it reasonable for Calpe to settle the third-party costs from the accident.

### *Valuation of the vehicle*

As part of their assessment of the circumstances of the accident and the subsequent theft, Calpe appointed a firm of claims investigators to review the circumstances of the incident. Based on the investigator's report, Calpe's motor engineer provided a valuation of Mr O's vehicle at the date of the accident (£9,500). This took account of the make, model, age and [above average] mileage of the vehicle and information from a recognised industry valuation guide (which put the retail value of the vehicle at £9,590 and a trade value of £7,060).

However, Mr O didn't agree with the valuation of his vehicle, thinking a fairer valuation would be £12,000. Because of the separate issue of the two excess deductions, Mr O didn't complain formally to Calpe about the valuation before our investigator gave their view on his complaint about the deduction of two excesses.

Calpe considered Mr O's complaint about the valuation of his vehicle but didn't uphold it. They issued a separate final response which referred to the initial valuation from their motor engineer, as well as a further valuation reflecting the vehicle's high mileage. Taking account of this factor, along with recognised industry valuation guides, the engineer indicated a revised valuation of £9,750. Calpe also noted a second, independent motor engineer had separately valued the vehicle at £8,730.

Unhappy with Calpe's response, Mr O raised a separate complaint to this service. He said a *Statement of Facts* document from an earlier renewal letter included a vehicle valuation of £11,395. Mr O thought Calpe's valuation should reflect that figure.

At the same time, Mr O noted a reference in Calpe's response to "...our salvage agents were due to pick up your vehicle from the scene of the accident. When they arrived, your vehicle was no longer there." Mr O thought this showed Calpe accepted responsibility for recovering his vehicle, contrary to what they'd previously said. Mr O thought this meant the earlier view from our investigator on the issue of deduction of two excesses should be re-considered.

### *Our investigator's findings*

Our investigator considered both issues and upheld the complaint in part. On the issue of the two excess deductions, when the reference in their final response of the vehicle valuation was put to them, Calpe said it was an error. The investigator also asked for call recordings between them and Mr O around the time of the accident and the theft. Not all recordings were provided, but from those that were the investigator concluded the indications were that Calpe had confirmed the recovery firm mentioned by Mr O was one of their agents (and they were to recover the vehicle but couldn't locate it). Based on this, and the reference in Calpe's final response, the investigator concluded Calpe had taken responsibility for recovery of the vehicle. She also thought the theft was a consequence of Calpe not arranging recovery of the vehicle in a timely way, so the accident and the theft should be treated as one claim. So, only one excess should be payable by Mr O. Given the time since Mr O first complained to

this service, she thought Calpe should also pay Mr O £250 compensation for distress and inconvenience.

On the issue of the valuation of Mr O's vehicle, our investigator noted the policy wording on what would happen were the vehicle to be damaged or (in this case) stolen. She noted the definition of *Market Value* included reference to current market value immediately before the accident, loss or theft (as well as to current market valuing guides). Using recognised industry valuation guides, the investigator concluded the valuation offered by Calpe was higher than figures she obtained using the make, model, age and mileage of Mr O's vehicle. So, she concluded Calpe's valuation was fair and they should pay Mr O the £9,750 they'd offered, but only deduct one excess. She also thought interest should be added from the date the original settlement offer was made, until payment was made.

Calpe disagreed with the investigator's view and asked that an ombudsman review the complaint. They didn't think Mr O was told they'd recover his vehicle when he first told them of the accident (immediately after it happened). They said their recovery agents would normally collect a vehicle from another recovery agent's premises (after being initially recovered) or from a police site or a customer's property. In Mr O's case, Calpe's recovery agent could only look to recover the vehicle from the scene of the accident because Mr O hadn't arranged for its recovery following the accident (he'd left it at the scene). But this didn't mean Calpe had taken responsibility for the recovery of the vehicle from the time of the accident. This also meant their reference to the vehicle being collected in their final response was accurate, as it didn't mean they accepted responsibility for its collection from the point of the accident. Rather, it was arranging for its collection *after* it should have been initially arranged to be recovered by Mr O.

### **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.

My role here is to decide whether Calpe has acted fairly towards Mr O.

The two key issues in Mr O's complaint are, firstly, that Calpe treated the accident involving Mr O's vehicle and its subsequent theft as two separate claims, so applying two policy excesses. And, secondly, Calpe's valuation of his vehicle following its theft. While neither Mr O nor Calpe made any representations about our investigator's view on the valuation issue, I will consider the issue.

#### *Treatment of the accident and theft as two separate claims*

On the first key issue, the treatment of the accident and the subsequent theft as two separate claims (and consequently the application of two excess deductions), Mr O says Calpe have acted unfairly by treating the accident and subsequent theft of his vehicle as two separate claims, applying two excess deductions. He thinks the accident and theft should be treated as one claim (with one excess deduction). He also maintained Calpe told him they would arrange recovery of his vehicle after the accident.

Calpe say they don't provide recovery services following an accident (and it isn't mentioned in their policy documentation). So, they wouldn't have offered or provided it. As they had no involvement in the recovery of Mr O's vehicle following the accident, they can't be held accountable for its theft and so it's fair to treat the accident and the theft as two separate claims. They disagree that Mr O was told they'd recover his vehicle when he first told them of the accident (immediately after it happened).

They also say their recovery agents normally collect a vehicle from another recovery agent's premises (after being initially recovered) or from a police site or a customer's property. In Mr O's case, Calpe's recovery agent could only look to recover the vehicle from the scene of the accident because he'd left it at the scene. But this didn't mean Calpe had taken responsibility for the recovery of the vehicle at the time of the accident. Rather, they were arranging for its collection after it should have been initially arranged to be recovered by Mr O.

I've considered both views carefully, together with the evidence and information available. This includes those call recordings made available by Calpe, together with their case notes. Having done so, I've concluded they haven't acted fairly in applying two excess deductions to the claims for the costs of the accident and the theft of Mr O's vehicle. I'll set out why I've come to that conclusion.

From what I've seen and heard, the accident occurred late in the evening. Mr O contacted Calpe the following day to tell them about the accident and lodge a claim. Listening to the call, he describes the circumstances of the accident (including his acceptance that it was his fault, as he ran into the back of the third-party vehicle). He also describes the damage to his vehicle, which meant it wasn't able to be driven from the scene. He says the vehicle is parked at the roadside. The call handler notes the details and advises Mr O about the excess payable under the policy. They also say the case will be assigned to a claims handler, who will advise Mr O about the next steps.

There's no mention of recovery of the vehicle, either from Mr O or the call handler. While this doesn't support Mr O's view he was told Calpe would arrange for recovery of the vehicle, equally it isn't made clear to Mr O that recovery wouldn't be arranged by Calpe and would be his responsibility. Given the stress made on this point by Calpe, I think it would have been reasonable for Mr O to expect to have been told clearly that was the position (and that he should arrange for recovery of the vehicle).

There's then a call recording three days later from the claims handler to Mr O, which indicates an engineer will come out to assess the damage to his vehicle. Again, there's no mention of the vehicle's recovery. So, I think it would have been reasonable for Mr O to have thought he didn't need to take any further action. Mr O says he was contacted the following day by a recovery firm, saying they couldn't locate the vehicle at the scene of the accident. After checking with the police and local council about whether they may have removed the vehicle, Mr O contacted Calpe three days later to tell them that the vehicle was missing, presumed to have been stolen.

From what I've seen (and what Calpe have said) it seems likely the recovery firm (which Calpe acknowledge to be one of their agents) was instructed to collect the vehicle for it to be assessed by Calpe's engineer.

Taking all these points into account, I think it was reasonable for Mr O to have thought Calpe would be recovering his vehicle. But if they weren't (or that it was his responsibility) I think Calpe should have made it clear to him that was the position when he first contacted them (or when he was first contacted by the claims handler) to tell them of the accident and his vehicle not being driveable and parked at the scene. While the subsequent theft was unfortunate, I don't think it's fair or reasonable for Calpe to treat it as a separate claim and to apply a second [£3,000] excess.

### *Valuation of the vehicle*

On the issue of the valuation of Mr O's vehicle, following its theft, I've considered the views of Mr O Calpe carefully. Mr O says Calpe's valuation is too low, referring to a valuation included in the *Statement of Facts* document issued as part of the policy's renewal shortly before the

accident. Calpe say their valuation is fair, being based on a market valuation of the vehicle by their engineer, taking account of the make, model, age and mileage of the vehicle. Calpe also refer to general industry valuation guides information supporting their valuation (and a separate valuation from an independent engineer). Based on these factors, they've offered Mr O a settlement valuation of £9,750. I've considered both views carefully, together with the available evidence and information. I've concluded Calpe have offered a fair value for Mr O's vehicle. I'll set out why I've reached this conclusion.

I've first considered what the policy sets out where a vehicle is stolen (but not recovered). Under the heading *What We will Pay* the policy states:

*"The Underwriters will not pay more than the Market Value of Your Car at the time of the loss, less the Excess applicable."*

The policy defines *Market Value* as:

*"...the cost of replacing Your Car with one of the same make, model and specification, taking into account the age, mileage and condition of Your Car. To determine the market Value, we will usually ask an engineer for advice and refer to current market valuing guides such as CAP, Parkers and Glasses. We will also refer to current market valuing guides to consider the amount you could have obtained for Your Car had you sold it immediately before the accident, loss or theft (taking into account its condition prior to the accident, loss or theft.)"*

In obtaining a valuation from their engineer, as well as referring to industry valuation guides (and obtaining a valuation from a second, independent engineer) I've concluded Calpe acted in line with the policy terms and conditions. While the Statement of Fact document does record the higher figure mentioned by Mr O, I think the policy terms and conditions (which should be read in conjunction with other documents, including the Statement of Fact) are clear about how a vehicle should be valued in a case of theft.

I've also looked at valuations from recognised industry valuation guides available to this service, using the details of Mr O's vehicle at the time of the accident and theft. The values are in line (in fact, slightly lower) than Calpe's valuation. This supports the conclusion that Calpe have offered a fair valuation for Mr O's vehicle.

### *Overall Conclusions*

Based on my findings above on the two key issues in Mr O's complaint, I've concluded Calpe haven't acted fairly and reasonably in applying two excess deductions to the settlement of his claim for the costs of the accident and the subsequent theft of his vehicle.

But they have acted fairly in making a settlement offer for the theft of Mr O's vehicle based on their valuation of £9,750. As they have already settled directly the third-party costs from the accident, it would be fair to settle the claim for the loss of Mr O's vehicle on a valuation of £9,750 (less one excess of £3,000) making a net settlement of £6,750.

Also given the length of time taken by Mr O in making his complaint to Calpe (and subsequently to this service) and my conclusion Calpe acted unfairly in applying two excess deductions, I've also considered the question of compensation. Taking all the circumstances into account, I think £250 for distress and inconvenience would be reasonable.

## **My final decision**

For the reasons set out above, my final decision is that I uphold Mr O's complaint in part. I require Calpe Insurance Company Limited to:

- Settle the claim for the loss of Mr O's vehicle on a valuation of £9,750 (less one excess of £3,000) making a net settlement of £6,750.
- Pay Mr O £250 in compensation for distress and inconvenience.

Calpe Insurance Company Limited must pay the compensation within 28 days of the date on which we tell them Mr O accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 13 September 2022.

Paul King  
**Ombudsman**