

The complaint

Mr R complains that Aviva Insurance Limited unfairly declined his claim on his bike insurance policy.

Mr R has been represented throughout this complaint, however for ease of reading all references to Mr R include the actions of his representative.

What happened

Mr R had bike insurance with Aviva to cover his mountain bike. In November 2021 the bike was stored in a secure bike storage area at his university when it was stolen. The thief gained access to the secure area and used an angle grinder to remove the bike lock.

Mr R made a claim on his insurance but it was subsequently declined. Aviva said that the bike lock Mr R had been using wasn't the one specified in the policy for the type of bike he owned. So as he hadn't met the conditions of the policy, the claim was declined.

Mr R didn't think this was fair and made a complaint, but Aviva maintained its position. So he brought his complaint to this service.

Our investigator recommended the complaint be upheld and asked Aviva to reconsider the claim in line with the policy terms. He said that as an angle grinder was used to steal the bike, the type of lock wasn't material to the loss, so he didn't think it was fair to decline the claim on that basis.

Mr R accepted our investigator's outcome. However Aviva didn't. It said that the insurance policy specifically lays out the type of lock that is required based on the value of the bike and this hadn't been met so the claim wouldn't be covered. It asked for the complaint to be reviewed by an ombudsman.

Since the complaint came to me, I wrote to both sides to explain that I had come to a slightly different outcome to our investigator. While I agreed the complaint should be upheld, I thought Mr R had done enough to prove a valid claim. So I thought Aviva should pay the claim, rather than just re-consider it.

Mr R accepted my provisional findings, however Aviva didn't. It said the insurance Mr R purchased is specialist insurance and has extra requirements because of this, including the requirement to have a certain standard of bike lock. It also said that the condition is laid out clearly in the policy terms and Mr R chose to ignore it, so it isn't fair for it to cover the claim.

I've considered everything Aviva has said, along with all other available information when reaching my 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.

I understand Aviva's point that Mr R has taken out specialist insurance for his bikes, and I can see that the policy specifies the type of lock that should be purchased. However when considering whether an insurer has acted fairly and reasonably when declining a claim I have to consider the specific circumstances of the claim.

This service considers that it isn't fair and reasonable for an insurer to rely on a technical breach of policy conditions to decline a claim where that breach isn't materially connected to the circumstances of the claim. So we'd expect the insurer to show how the breach has caused the claim to have happened or made it more likely that the need to claim arose. This is a long standing approach which is supported by Financial Conduct Authority guidelines.

So here, to say Aviva had acted fairly by declining Mr R's claim, I'd need to be satisfied that the breach of the terms had led to the need to claim. Here the bike was stolen using an angle grinder to break through the lock. And Aviva has accepted that this would have broken through any bike lock. For that reason I'm persuaded that even if Mr R had used the specified standard of lock the theft would still have happened. I therefore conclude that it isn't fair or reasonable for Aviva to decline the claim on that basis.

In response to my provisional findings Aviva has commented that it may have taken the thief longer to break a more robust bike lock, and this may have meant they were disturbed during the theft or might have put them off altogether. I've considered this, but it doesn't change my position. When considering the width of a bike lock and power of an angle grinder I'm not persuaded that the additional time, if any, would make a material difference. Further, the stolen bikes were in a secure bike store, meaning the thief would have been protected from public view, so I don't think a small amount of additional time would have likely made a material difference.

Based on this, I don't think Aviva acted fairly or reasonably by relying on the bike lock requirement in the policy to decline Mr R's claim. And, as I said in my provisional findings, I think Mr R has done enough to prove a claim already. I therefore require Aviva to pay Mr R's claim in line with the remaining policy terms.

My final decision

For the reasons I've given, I uphold Mr R's complaint. I direct Aviva Insurance Limited to accept Mr R's claim and make payment to settle the claim inline with any remaining applicable policy terms, such as an excess.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 November 2022.

Sophie Goodyear
Ombudsman