

The complaint

Mr S complains about how Accelerant Insurance Limited handled a claim he made on his commercial vehicle insurance policy after his vehicle was stolen. He's unhappy with the settlement offer and he's unhappy with the time it took to reach this settlement.

Reference to Accelerant includes its agents.

What happened

Mr S holds a commercial vehicle insurance policy underwritten by Accelerant. When his vehicle was stolen, he made a claim. Mr S complains about that claim. He's said it took Accelerant too long to reach a settlement figure. And he doesn't think the settlement figure is fair. So, he complained.

Accelerant said the settlement figure was fair. It said it wasn't persuaded that Mr S had evidenced he purchased the vehicle for the amount he said he had. So, it thought the payment of £3,600 was fair, as that is all it thought Mr S was able to evidence he'd paid. Accelerant didn't think it had taken too long to reach that decision.

Unhappy, Mr S brought his complaint to us. One of our investigators recommended it be upheld. She thought Accelerant needed to pay the market value of the vehicle, which she said was £7,645.80 – minus any policy excesses. She didn't think there had been any unavoidable delays in progressing Mr S's claim. But she thought the low settlement would have been distressing for Mr S, so, she recommended Accelerant also pay him £100 compensation.

Mr S agreed, but Accelerant didn't. It maintained it only needed to pay what Mr S could evidence he paid for the vehicle. And it pointed out that the policy also had a limit of £7,000 based on what he said the van was worth.

As Accelerant didn't agree, the case has come to me to issue 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.

Having done so, I'm upholding it. I'll explain why.

- Ultimately Mr S's policy insurers him for the market value of his vehicle. It doesn't insure him for the amount he paid for it. So, whether or not Mr S can evidence what he paid for it is irrelevant in determining what Accelerant should pay him here. If Accelerant had concerns about the ownership of the vehicle then it needed to make a decision on whether or not to pay the claim at all. By paying out on the claim it's shown it's satisfied the loss happened as Mr S described it and that he owns the vehicle he's claiming for.

- A fair market value as shown by the trade guides is £7,645.80. Accelerant's own engineers valued the vehicle £7,200.
- I don't find the term limiting the amount paid on a claim to be fair because:
 - This only benefits Accelerant - If Mr S said his vehicle was worth more than its true market value, Accelerant would only need pay the market value. But if Mr S said his vehicle was worth less than the true market value, Accelerant would only need pay what Mr S said it was worth. This is unbalanced and unfair.
 - The limit is based on an estimate only, not a detailed valuation.
 - Accelerant also accepted this policy on the basis that the vehicle was worth roughly £7,000. This is the amount set on the schedule. And this isn't too far from the market value determined by the trade guides and Accelerant's engineer. So, I find £7,000 a reasonable estimate anyway.
- I don't find any unreasonable delays in the progress or settlement of this claim, but like our investigator I agree the low offer would have caused a degree of distress and inconvenience to Mr S and so think a fair offer to compensate this is for Accelerant to pay Mr S £100 compensation.

Putting things right

Accelerant's settlement offer is unfair, so, to put things right it should pay Mr S the difference (£4,045.80) between what it has already paid him (£3,600 – made up of payment of £3,100 and policy excess of £500), and the market value of the vehicle (£7,645.80).

My final decision

For the reasons set out above I uphold this complaint and require Accelerant Insurance Limited to:

- Settle Mr S's claim by paying the full market value of the vehicle (£7645.80). The policy excess of £500 can be deducted from this amount, as can any amount Accelerant has already paid Mr S relating to this claim and the market value of his vehicle. 8% interest should be added to this settlement. Interest should be calculated from the date Mr S was given the settlement offer to the date Accelerant makes full settlement.
- Pay Mr S £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 November 2022.

Joe Thornley
Ombudsman