

The complaint

Ms R complains about how West Bay Insurance Plc handled and decided a claim made on her motor insurance policy.

What happened

Ms R said her car overheated after going over uneven ground. She took it to a garage where she said water was added to the engine causing damage. Ms R then made a claim to West Bay. It declined the claim as it said mechanical damage wasn't covered by the policy. After Ms R complained, West Bay overturned its decision and arranged for the car to be inspected by an independent engineer. It said it would cover the claim if he found the damage was caused by the garage's negligence.

Two months later, the car was collected for inspection. Six weeks later, West Bay said it had decided that the damage was excluded from cover because it was due to mechanical damage caused by wear and tear. After Ms R complained, West Bay agreed that it shouldn't have declined the claim without inspecting the car. This had caused delays, and it offered Ms R £350 compensation for this inconvenience. But it asked Ms R to reimburse its storage charges.

Our Investigator recommended that the complaint should be upheld in part. He thought West Bay shouldn't have rejected the claim initially as damage caused by a garage was covered by the policy. And he thought West Bay had reasonably relied on the independent engineer's report that the damage was caused by mechanical failure to decline the claim.

He thought West Bay had reasonably compensated Ms R for the trouble and upset caused by its delays in the claim. But he thought it was unreasonable for West Bay to ask Ms R to reimburse all the storage charges incurred before it collected the car for inspection. He thought they had been incurred partly because of its delays. He thought West Bay should either waive these charges or hold Ms R liable for the charges for one calendar week after the date she notified West Bay of her claim.

West Bay replied that it had twice warned Ms R to remove her car from storage as she would be held liable for them. Ms R replied that she thought the garage had damaged her car and West Bay should have accepted the claim.

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 can understand that Ms R feels frustrated that West Bay initially declined her claim and has subsequently refused to accept it. Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

I can see that Ms R's policy states under "What is covered" on page 10 of the policy booklet:

"We will cover you against loss or damage to the insured vehicle (less any excess that applies) caused accidentally or as a result of malicious damage or vandalism..."

“Cover also applies under this section while the insured vehicle is in the custody of a member of the motor trade for servicing or repair.”

Under the policy, on page 17, damage caused by wear and tear or mechanical breakdown is not covered:

“What is not covered...”

Wear and tear, mechanical or electrical breakdown...”

Ms R thought the damage to her car had been caused by the garage, and so she thought the claim should be covered. West Bay, however, thought it wasn't covered as it was due to wear and tear.

We're not engineers. We don't assess whether or how damage to a vehicle would be caused as this is a matter for the experts in these situations, the insurance companies and engineers. Our role in these complaints is to determine whether an insurance company has considered all the available evidence and whether it can justify its decision to not pay for repairs.

So I've looked at the evidence that West Bay relied on to make its decision to decline the claim. I can see that it appointed an independent engineer to inspect the car. We think this is a fair and reasonable approach when there is a dispute over damage or repairs.

The independent engineer said that, given the car's age and mileage, he thought the damage may be due to wear and tear. And this was confirmed by West Bay's inhouse senior engineer. I haven't seen any further evidence that contradicts this view or that the garage caused the damage. So I think West Bay has reasonably considered the available evidence and has justified its decision not to pay for the repairs.

I can see that there were delays in the claim and I think these were avoidable as West Bay could have appointed an independent engineer earlier and considered his report more promptly. West Bay paid Ms R £350 compensation for this. I think that's in keeping with our published guidance. So I think that was fair and reasonable.

But West Bay also wanted Ms R to reimburse the storage costs incurred before it took her car for inspection. West Bay said it wrote to Ms R to decline the claim and included in this letter a recommendation that she should arrange for the car to be removed from the garage to avoid incurring storage charges.

But I don't agree that this is a sufficient reason for West Bay to hold Ms R responsible for the storage costs. This is because West Bay later accepted that it had wrongly declined the claim. And, if it hadn't done this, then I think the car would have been removed from storage earlier and the storage costs wouldn't have accrued. And I think West Bay could have acted to remove the car for inspection sooner than it did.

The storage charges were applied from the date the claim was first made until the car was removed, 111 days at £10 a day, plus VAT. I agree with the Investigator that West Bay should either waive these charges or ask Ms R to reimburse them for one week. This is because I think West Bay should have reasonably removed the car from the garage for inspection within a week of Ms R notifying it of her claim.

Putting things right

I require West Bay Insurance Plc to either waive the storage charges it is holding Ms R liable for or hold her liable for one calendar week's charges from the date she notified her claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require West Bay Insurance Plc to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 28 November 2022.

Phillip Berechree
Ombudsman