

The complaint

Mr B complains that KGM Underwriting Services Limited didn't store his car securely and then disposed of it and his belongings after a claim made on his motor insurance policy. He wants compensation for his lost personal belongings.

What happened

Mr B was in an accident whilst abroad. The car was taken to a garage and Mr B made a claim on his policy. The car was deemed to be a total loss. Mr B made it clear that he wanted to remove his personal belongings from it. But, due to how the car was stored, some items were removed. KGM doesn't dispute this. Mr B told KGM of the theft, and it disposed of the car two days later. Mr B wanted KGM to reimburse him for the loss of his belongings, £12,817.15. But KGM said the policy limit was £300.

Our Investigator recommended that the complaint should be upheld. He thought Mr B had made it clear to KGM that he intended to recover his personal belongings. But it hadn't stored his car securely so that some were stolen. It then disposed of the car before Mr B could remove his things. So he thought KGM should reimburse Mr B for the loss of these items and pay him £300 for his trouble and upset.

KGM replied that the policy limit for personal belongings was £300 and that it had told Mr B to make a claim on his travel insurance for any other losses. KGM asked for an Ombudsman's review, so the complaint has come to me for a final 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 was sorry to hear that Mr B was badly hurt in the accident. I can understand that it must have been a very traumatic experience for him and his partner. 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 Mr B's policy limit for personal belongings is £300. And I would usually say that it would be fair and reasonable for KGM to apply this limit. But I don't think that would be fair and reasonable in Mr B's particular circumstances. I've decided this for the following reasons:

- I can see that Mr B was clear with KGM from the start of the claim that he wanted to retain his belongings. And so I think efforts should have been made by KGM and its agent to ensure that they were kept securely. But this didn't happen.
- The agent asked KGM how Mr B's belongings were to be returned to him. But KGM said it wouldn't undertake this. So Mr B made his own arrangements to return abroad to collect them, but they had already been destroyed before he could do this. So Mr B didn't have the opportunity to collect them.
- Mr B learned from the garage storing his car that some items had been removed. And he

informed KGM about this. But KGM then asked the garage to sell the salvage and destroy the personal belongings without giving Mr B opportunity to collect them. KGM said this was to avoid storage costs, but I haven't seen any evidence to support this. Instead, Mr B said the garage wasn't charging for storage.

- Mr B provided a list of the items stored in the car and evidence of their recent purchase ahead of this planned trip. I'm satisfied that the listed items are consistent with his account, and many are supported by receipts and by photographs taken during the trip. This is also supported by emails from KGM's agent saying that the car contained many items that Mr B would want to collect. So I have no reason to doubt Mr B's account.
- KGM said the items listed by Mr B wouldn't fit in the car and some must have been stored in roof boxes that were lost in the accident. But I haven't seen any evidence to show this. Mr B has explained that he hasn't claimed for the contents of the roof boxes, food and day to day clothing. Nor has he claimed for the roof tent as this was covered by his travel insurance. He said the roof rack had been removed after the accident as it was loose. So I'm satisfied that the listed items could have been stored in the car as Mr B stated.
- KGM said some items would have been damaged in the accident. But it didn't undertake any checks at the time to either list the items or to check for any damage. Mr B has explained that the damage to the car was to the front driver's side. Further damage to the car's rear was done during the recovery. And so the contents of the rear of the car wouldn't have been damaged during the accident. He also explained that the police recovered some valuable and delicate items from the front of the car, and these were undamaged. So I'm not persuaded that there is evidence that the personal belongings were damaged at the time.

So I think KGM's claim handling caused the loss of Mr B's personal belongings. It didn't act to secure them when the claim was notified. It didn't allow Mr B opportunity to remove them. And it hasn't justified its concerns that the belongings may have been lost or damaged.

When a business makes a mistake, as I'm satisfied KGM has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

KGM can't now restore Mr B's belongings to him. So, to put things right, I think it should now reimburse Mr B for the items he has listed as lost. This matter has caused Mr B considerable frustration, trouble and upset. I think KGM should pay him £300 compensation for this as this level of award is in keeping with our published guidance for the impact the errors had.

Putting things right

I require KGM Underwriting Services Limited to do the following:

1. Reimburse Mr B for the cost of the items he has listed as lost.
2. Pay Mr B £300 compensation for the distress and inconvenience caused by its handling of his claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require KGM Underwriting Services Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 February 2023.

Phillip Berechree
Ombudsman