

The complaint

M Limited (through its director Mr Q) complains that Society of Lloyd's mishandled a claim on a minibus insurance policy.

Where I refer to Lloyd's, I refer to the relevant syndicate at Lloyd's and I include call-handlers and others insofar as I hold Lloyd's responsible for their acts or omissions.

What happened

M Limited had a minibus which it used in the business of travel and events. For the year from March 2021, M Limited had a minibus insurance policy under which Lloyd's was responsible for dealing with any claim. The policy schedule included a breakdown and recovery service.

Unfortunately on 24 February 2022, M Limited was carrying 15 passengers in the minibus when it broke down. In the late afternoon, M Limited called for help under the policy. Lloyd's tried- but failed- to arrange a recovery vehicle.

M Limited complained to Lloyd's about its response.

By a final response dated early June 2022, Lloyd's said it had paid £100.00 and later increased it to £150.00. M Limited brought its complaint to us in mid-June 2022.

Our investigator recommended that the complaint should be upheld. He thought that M Limited had experienced a significant amount of inconvenience. He didn't think that £150.00 was fair. He recommended that Lloyd's should increase the trouble and upset payment to £300.00.

Lloyd's disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- £150.00 is a fair compensatory offer.

M Limited also disagreed with the investigator's opinion. Mr Q says, in summary, that:

- Lloyd's should have been well- equipped to have provided the service. They were not.

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 accept that, for the year from March 2021, M Limited was paying over £2,000.00 to cover the minibus. That included cover for the value of the minibus, for liability to third parties and for the breakdown and recovery service.

I find it likely that the policy schedule for the year from March 2021 was similar to the policy schedule for the year from March 2022 which included the following:

“Minibus breakdown and recovery service

Your insurance is extended to provide a breakdown and recovery service, should your vehicle break down during the course of a journey. Cover will only apply to the insured vehicle, which must be a minibus.

UK breakdown and recovery service

We will provide this cover for any breakdown occurring during the period of insurance and within the mainland of England...

The following services will apply should your vehicle break down during the course of a journey and more than one mile from your home.

Roadside assistance

We will arrange assistance at the scene of the breakdown, and will arrange and pay for call-out fees and labour charges needed to start your vehicle.

Recovery

If the vehicle cannot be repaired quickly at the scene of the breakdown, we will arrange and pay the cost of taking the vehicle, you and up to 16 passengers from the place where the vehicle has broken down to any one place you choose.”

I haven't seen any mention of the breakdown and recovery service in the policy terms or in the Insurance Product Information Document. But, on balance, I find that the breakdown and recovery service was (as stated in the schedule) an extension of the insurance, for which Lloyd's was responsible.

By 24 February 2022, M Limited had had the benefit of cover for almost a year. So I don't accept Mr Q's suggestion that it would be fair for Lloyd's to refund the premium for that year.

M Limited called for help at about 16:30. Lloyd's has accepted that M Limited had a reasonable expectation that help would be on the way.

Instead, M Limited wasted time waiting for help under the policy. By about 19.45, Lloyd's said it hadn't been able to arrange help for that day. Mr Q said he would leave the minibus where it was and call again in the morning if he still needed help.

Putting things right

M Limited lost the opportunity of roadside assistance to fix the minibus or of recovery to a garage for prompt repair. M Limited had to spend further time making its own arrangements in that regard. Also, M Limited suffered the inconvenience and loss of reputation as its customers had to make their own travel arrangements.

Because of that impact on M Limited, I find it fair and reasonable to direct Lloyd's to pay M Limited – in addition to its offer of £150.00 – a further £150.00 for inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Society of Lloyd's to pay M Limited – in addition to its offer of £150.00 – a further £150.00 for inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 2 March 2023.

Christopher Gilbert

Ombudsman