

The complaint

Miss B complains about Skyfire Insurance Company Limited's handling of a claim made under her car insurance policy.

What happened

Miss B has a car insurance policy underwritten by Skyfire. She made a claim on 4 July 2022 after her car was stolen.

Miss B says when the car was stolen, there were two child seats and a pram inside. The total value of these items being just over £2,000.

She says when she contacted Skyfire, they told her they would pay her the full cost of replacing the child seats and pram. She says she was told this several times. And was asked for receipts for the items so that Skyfire could reimburse her the full costs.

She says Skyfire later told her they would only pay £250 in total for the items lost when the car was stolen. At that point, she made a complaint to Skyfire, but they didn't change their position, so she brought her complaint to us.

Our investigator looked into it and thought Skyfire should settle the claim in full and pay Miss B the full cost of the child seats and pram.

Skyfire failed to respond to our investigator's view to say whether or not they accept his findings, despite being prompted several times. And for that reason, the complaint was referred to me so that I can make a decision which will be binding on Skyfire if Miss B accepts it.

Because I disagreed with our investigator about how the complaint should be resolved, I issued a provisional decision. That allowed both Miss B and Skyfire to provide further information or evidence and/or to comment on my thinking before I issue my final decision in this case.

My provisional decision

In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The first thing to say is that we've been somewhat frustrated in our investigation of this complaint because Skyfire have provided no evidence or information for us to consider.

We asked Skyfire to provide their business file relating to this complaint in late August 2022. When we chased Skyfire for a reply, in October 2022, they asked for more time to get the relevant information together. We agreed and set a deadline for Skyfire's reply.

In early November, having still had no substantive reply from Skyfire, our investigator issued his view on the case. This required a response from Skyfire, within a given period of time, to say whether they agreed with the proposed outcome or not.

We chased Skyfire again when that deadline passed. Skyfire thanked us for giving them extra time to reply, but then provided no further substantive response to our investigator's view.

Throughout that correspondence, we've been clear with Skyfire about the consequences if they fail to engage with us about this complaint. In particular, we've pointed out that the Financial Conduct Authority's rules which set out what our service can do – the dispute resolution (or DISP) rules – allow us to proceed to consider a complaint if a respondent business fails to comply with a request for information within a time limit we've set (DISP 3.5.14).

In the absence of any evidence or information from Skyfire, I have to assume that what Miss B has told us is true. There's no reason at all to disbelieve her – what she tells us is cogent, consistent and persuasive.

She's also provided us with copies of text messages between herself and Skyfire's claim handlers. One of these appears to suggest that Skyfire will reimburse her the cost of the child seats and pram once she provides receipts. Another says that Miss B's complaint to Skyfire has been closed – though it doesn't say how or why – and refers her to our service if she remains unhappy.

So, if I get no further information or evidence in response to this provisional decision, I'm minded to uphold Miss B's complaint.

However, our investigator's view was that Skyfire should pay the claim in full – up to the just over £2,000 Miss B said the child seats and pram had cost. I don't think that's the fairest outcome in this case. I'll explain why.

We haven't seen a copy of Miss B's policy – primarily because Skyfire haven't provided us with any evidence or information about this case. However, it would be unusual if the policy didn't contain limits on the amount Skyfire would pay out for lost contents of a car.

Typically, policies which provide this kind of cover would set an upper limit (or limits) on possessions left in a car and/or on accessories such as car seats. That's not unfair or unreasonable – as long as the policy terms are clear to the policyholder. It's not difficult to understand why insurers would be keen to ensure that policyholders didn't leave large amounts of valuable possessions unattended in their cars.

I don't know what the relevant limits were in Miss B's policy – if indeed there were any at all. But I think it would be unfair to ask Skyfire to pay the full cost of the child seats and pram if clear limits were set out in the policy.

Either Miss B or Skyfire – or both – might wish to provide more information about the policy terms in response to this provisional decision. But at present, given the information we have, I'm minded to require Skyfire to pay Miss B's claim up to the relevant upper limits (if there are any) set out in the policy.

It's not entirely clear to me either, at present, whether Miss B provided sufficient proof of ownership and/or value for the three items in question. My assumption – and it is

very much an assumption given the lack of concrete evidence – is that Miss B very likely provided a receipt for the pram but may not have done so for the child seats.

I say that because the £250 Miss B says she was offered in settlement of the claim looks like it might be a policy limit for a single item and/or for personal possessions left in the car (child seats would usually be considered separately from other personal possessions). Again, either party can enlighten me on that point in response to this provisional decision.

If I get no further evidence, I will require Skyfire to pay up to the policy limits for both the pram and the car seats. In all the circumstances, a mother with small children, with a pram in her car, is extraordinarily unlikely not to have had car seats in the car. I don't think it would be fair for Skyfire to require receipts if Miss B didn't keep them after she purchased the seats.

Again, if Skyfire have any reason at all to doubt that Miss B had child seats in the car or to suggest that she was exaggerating the cost, I'm sure they'll provide their rationale and evidence in response to this provisional decision. Otherwise, I'll be requiring them to pay the claim for the child seats – and the pram – up to any relevant policy limits.

I'm also minded to require Skyfire to add interest at 8% simple to the claim payment when they eventually make it. This is a relatively simple claim. It was made on 4 July 2022. Miss B made her complaint to Skyfire in early August after being told – she says - they would only pay £250 in total for the pram and child seats.

Skyfire's response to the complaint – at least from what we can see when we look at the final response Miss B got - didn't explain their reasoning for the claim decision at all.

I think it's very likely that if Skyfire had engaged with Miss B thoroughly at that point, this claim would have been settled – most likely in the way I'm now suggesting in this provisional decision - by the end of August at the latest.

Miss B has been without the money she should have received in settlement of the claim, as a direct result of Skyfire's errors and omissions, between the end of August and the point at which they pay her after we conclude the case. So, I'm minded to require Skyfire to pay 8% simple interest on the final settlement sum, calculated between the end of August 2022 and the date they finally pay Miss B.

I'm also minded to require Skyfire to pay Miss B £150 compensation for the trouble and upset she's experienced as a result of the errors in their handling of the claim.

Miss B has been inconvenienced in having to pursue what, as I say, was a relatively simple claim, to try to get an explanation from Skyfire about their decision on settlement.

She's also suffered frustration, stress and upset because the offer made by Skyfire was less than she expected and/or should have been offered. And her expectations have been disappointed because she was originally told or led to believe – on a number of occasions - that the claim would be settled in full and later told she'd be paid a maximum of £250.

I bear in mind that Miss B's trouble and upset has been extended over a longer period than was necessary because of Skyfire's failure to engage properly with her

complaint to them and/or with our investigation into this matter.

Again, if Skyfire disagree with Miss B about the nature and/or content of the phone calls and other contacts between them in July and August 2022, they have a chance to provide further evidence or information in response to this provisional decision.”

So, for those reasons, I said I was minded to uphold Miss B’s complaint and to require Skyfire: to pay her claim for the pram and car seats up to the upper policy limit(s); to pay interest at 8% simple on that payment; and to pay Miss B £150 in compensation fore her trouble and upset.

The responses to my provisional decision

Miss B responded to say she agreed with the outcome proposed in my provisional decision. She reiterated that she’d been told the claim for the pram and car seats would be settled in full and provided evidence to back that assertion. And she sent a full copy of the receipts for the pram and car seats (and the bases for the car seats).

We’ve had no response from Skyfire except an automated out-of-office message which said their case handler would be back at work by 9 January 2023.

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’m grateful to Miss B for providing the full receipts for all the claimed items. I assume that she’d previously sent the receipts to Skyfire, but on the off chance that she didn’t, she should do so now.

In the absence of any information or evidence from Skyfire or any comment on the thinking set out in my provisional decision, I have no reason to change my mind or re-think the proposed outcome.

Putting things right

As set out in my provisional decision – and for the same reasons – I’m going to require Skyfire to settle the claim for the pram and car seats up to the policy limit(s) - and to pay interest on that settlement at 8% simple.

Miss B has also suffered a degree of trouble and upset – again, for the reasons set out in my provisional decision. So, I’m going to require Skyfire to pay her £150 in compensation.

My final decision

For the reasons set out above, and in my provisional decision, I’m upholding Miss B’s complaint.

Skyfire Insurance Company Limited must:

- settle the claim for the two child car seats and the pram up to the policy limits for personal possessions and/or car seats / accessories, if there are any such limits, or in full if there are no applicable policy limits; and
- add interest to that payment at 8% simple – calculated from the end of August 2022

to the date this payment is made; and

- pay Miss B £150 in compensation for her trouble and upset.

If Skyfire Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss B how much it's taken off. It should also give Miss B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 17 February 2023.

Neil Marshall
Ombudsman