

The complaint

Mr F's complained about the way AWP P&C SA ("AWP") have settled the claim he made when he had a bicycle accident.

What happened

In early 2022 Mr F was involved in an accident while riding his bike. His bike suffered significant damage. The bike was insured with AWP. So Mr F made a claim on his policy.

Mr F had his bike shop assess what repairs were needed. But AWP said they wanted their own assessment made. So they arranged for the bike to be collected for their team to do that. AWP's assessor identified a number of parts had to be replaced, because they couldn't safely be repaired.

During their assessment, AWP noted that, when he bought his policy, Mr F had said he'd bought the bike for £4,500, when he'd actually spent £5,216.97. AWP said this meant Mr F was only insured for 86.26% of the claim. And they couldn't replace the parts for the sum insured. So they offered Mr F a cash settlement.

Mr F was unhappy that AWP wouldn't replace parts because their market value had increased and that funds had been absorbed by costs like shipping to AWP's assessors, which he thought were unnecessary.

Mr F complained about these issues. And he was unhappy that the bike was rebuilt with the wrong sized frame and about the settlement he received. AWP responded that Mr F had underinsured his bike, so they'd applied the underinsurance clause in his policy to reduce the settlement. And they'd relied on the evidence Mr F had provided to show how much he'd paid for various parts to calculate the settlement they'd offered.

In addition, AWP said the policy is clear it's up to them how to deal with the claim – including whether to have their own assessment of the bike. And they said that their expert has identified faults which Mr F's shop had overlooked. In respect of the frame, they said they'd ordered the size which his receipts showed Mr F had had previously.

Mr F continued to negotiate with AWP over the following months, during which time his bike was rebuilt and returned to him. He contributed £106.21 to the costs. But Mr F wasn't happy because he had to pay his own shop £120 to complete the rebuild. So he brought his complaint to our service.

Mr F told us he wanted those costs reimbursed, as well as compensation for the costs AWP had allocated to shipping, inspecting, and rebuilding his bike. And he said he wanted £1,500 compensation for the distress and inconvenience AWP's handling of the claim had caused.

Our investigator considered the complaint and concluded AWP didn't need to do any more to resolve it. She was satisfied that Mr F had underinsured his bike, and that, had he valued it accurately, a higher premium would have been due. So she said it was fair for AWP to have reduced the amount of the settlement – which was what had resulted in Mr F having to contribute to costs. And she was satisfied that AWP had relied on information supplied by

Mr F to order a replacement frame – so she couldn't hold them responsible for this being wrong.

Mr F didn't agree with our investigator's view. So I've been asked to make 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.

Having done that, I'm upholding Mr F's complaint. But I'm not directing AWP to do any more than they've already offered to do to resolve his complaint. I'll explain why.

Before I do that, I think I should clarify what my role is. Mr F has made a number of comments which indicate he thinks AWP have been negligent and should change how they handle claims.

I understand these comments stem from his dissatisfaction about how his claim's been handled. But it's not the role of the Financial Ombudsman Service to direct businesses to change policies or processes. We consider whether a business has dealt with a particular customer fairly and in accordance with the relevant rules and the customer's policy terms.

For that reason, I've started by considering Mr F's policy. I can see Mr F gave the value as £4,500 – which is the sum insured on the schedule – even though he provided receipts which show he paid more than that. In response to the investigator's view, Mr F said there was no clear guidance given and that he'd deducted VAT from the figure he'd declared.

I don't agree that's the case. When Mr F bought the policy, he was advised to read all the information and check it was correct. The policy document includes the following definition of "Value":

"This may defined by using one of the following circumstances. All values should be in GBP, inclusive of VAT: a) new or second hand pedal cycles should be insured at the price you paid, including the sum of any parts or upgrades which you purchased and which form part of your pedal cycle;"

I think this definition is clear. And the policy goes onto give examples of how a buyer should decide the value to declare. The evidence shows Mr F gave a lower value for his bike than the receipts he provided show he paid. So I think AWP's conclusion the bike had been underinsured was fair.

AWP calculated Mr F had declared 86.26% of the value of the bike. So they used that as the basis of calculating his settlement. I think that's fair. And I'm satisfied it's most likely that the additional cost of the frame Mr F had to contribute was the result of the underinsurance. So it's not reasonable to say AWP should refund that.

I also agree with our investigator that it's not reasonable to hold AWP responsible for the replacement frame being the wrong size. Mr F said it should have been a large, but AWP ordered a medium. I've thought about this. But AWP ordered a replacement based on the details in the receipt Mr F provided. That stated the frame size as medium. I've seen no evidence AWP were told the information on the receipt was wrong before they ordered. So I don't think it's fair to say they were responsible for the mistake.

Nor can I say it was unreasonable for AWP to choose to have the bike assessed by their own company, or that the cost of this shouldn't be incorporated into the claim costs. Under the "Claims" section of the policy, it states:

“You must accept that we may appoint a specialist, including carbon restoration experts, to investigate, repair and restore any pedal cycle claim on our behalf.”

Again, that’s a clear policy term. It’s not reasonable for me to say AWP should have done something different. I appreciate Mr F is unhappy about the costs this involved. But insurers are entitled to assess a claim before paying it. And there are inevitably costs which result from that. AWP explained the need for specialist packaging and transportation for the bike. And there were labour costs involved in stripping it, as well as in reporting back to AWP. I’m not persuaded by anything I’ve seen those costs were excessive.

I’ve considered Mr F’s complaint that he had to get the bike rebuild completed and that cost him £120. I can see why, at first sight, that might look unfair. But AWP have said Mr F opted not to have all the repairs/replacement parts which their report said were needed done. They completed all the work they could. The cost Mr F incurred was to have his own shop complete work with parts AWP thought weren’t safe to use.

I can’t judge whether the parts were safe. But I can’t say AWP should have completed work using parts they didn’t think were. Mr F disagreed – as he’s entitled to do. But I’m satisfied the cost he incurred in completing the rebuild was the consequence of his choice not to have all the parts replaced. I can’t say AWP were responsible for those.

I’ve seen AWP offered Mr F £50 compensation for a delay in extensions arriving. I think this is a fair sum for this. But I don’t think they need to do any more than that to resolve Mr F’s complaint.

My final decision

For the reasons I’ve explained, I’m upholding Mr F’s complaint about AWP P&C SA and directing AWP to Mr F the £50 compensation they’ve previously offered.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr F to accept or reject my decision before 22 June 2023.

Helen Stacey
Ombudsman