

The complaint

Mr N complains about the policy excess amount Calpe Insurance Company Limited (Calpe) are requiring him to pay following a claim against his motor insurance policy.

What happened

Mr N held a motor insurance policy with Calpe which carried an all sections excess of £3,000. In 2021, Calpe contacted Mr N following an incident he had with a third-party. They requested he paid an excess of £2,426.23 for the claim. They say these costs were for third-party vehicle repairs, and car hire, amongst other things. Calpe say they accepted fault on Mr N's behalf based on the circumstances of the incident, the information provided by the third-party insurer, and because the policy entitled them to do so.

Mr N thought the excess amount was far too high. He says he bumped into the rear of the third-party vehicle at low speed, and no damage was caused to either vehicle. He doesn't think the amount he's been requested to pay is reasonable, so he asked our Service for an impartial review.

The investigator recommended the complaint be partially upheld. He thought the excess amount Calpe were seeking from Mr N was reasonable overall – other than £72 for a vehicle inspection he didn't think was fair to pass on to Mr N. So, he recommended this amount be deducted from the overall excess or refund it back to Mr N with interest if he had already paid it. Calpe didn't respond, and Mr N maintained no damage occurred and the excess was unfair. As such, the case was passed to me to decide.

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.

The policy requires Mr N to contribute towards any claim, even in circumstances such as these where he isn't claiming for damage to his vehicle, but a third-party is. The policy also sets out Calpe can take over and conduct the defence or settlement of any claim they see fit.

Here - it was said Mr N was involved in a low-speed impact with the rear of the third-party vehicle. And although Mr N says no damage occurred to either vehicle, the third-party insurer provided an engineer's report that set out, broadly, some damage to the rear bumper was present – such as to paintwork and parking sensors. Calpe considered the area of impact, and the damage reported by the engineer, and considered there to be no reasonable prospects of success of disputing liability for the damage through the courts. I'm satisfied that was fair and reasonable. I say this because I'm satisfied Calpe took reasonable steps to consider all the information presented by Mr N and the third-party insurer.

The report from the engineer included photos of some damage. Mr N has provided a photo which he says supports that no damage was caused, but I'm not persuaded his photo would change anything here. I say this because the engineer provided multiple photos of what they considered to be bumper damage from several angles. I've reviewed the repairs undertaken

to the third-party vehicle, and I'm not persuaded these repairs were excessive or unrelated to the 2021 incident involving Mr N. I say this because repairs broadly included works to the rear bumper said to have been impacted (albeit at low speed) by Mr N's vehicle.

The third-party insurer also requested recovery of hire car costs. Initially, this amounted to roughly £1,300. The claim notes suggest Calpe disputed this and later negotiated it down to a significantly reduced figure of £750. The hire car was used for nine days which is the time the third-party vehicle was with the repairer – between inspection and repairs being completed. All things considered – I'm satisfied Calpe took reasonable steps here to challenge the costs presented by the third-party insurer to reach a fair settlement in this respect. So, I won't be requiring Calpe to make any reductions to the total excess amount in respect of the third-party vehicle repairs, or the hire car costs.

The investigator correctly set out we wouldn't expect an insurer to pass on general claim handling costs which are part and parcel of providing insurance. It wasn't fair for Calpe to pass on a £72 fee for a vehicle inspection to Mr N, so Calpe must either remove this from the total excess amount or refund it back to Mr N if he's already paid this with interest.

Putting things right

In concluding, while I appreciate my decision will come to disappoint Mr N, I'm satisfied Calpe took reasonable steps to consider the claim, and costs presented by the third-party insurer. But I don't find they acted fairly when passing on a £72 claim handling cost to Mr N. So, they must now either deduct this from the total excess amount or refund it to Mr N if he's already paid this, and include 8% simple interest*, from the date Mr N paid this, to the date of settlement.

My final decision

My final decision is I uphold the complaint. I now require Calpe Insurance Company Limited to put matters right as set out above.

*If Calpe Insurance Company Limited consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr N how much they've taken off. They should also give Mr N a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 26 July 2023.

Liam Hickey
Ombudsman