

## **The complaint**

A company, which I'll refer to as J, complains that U K Insurance Limited trading as NIG Insurance (NIG) unfairly declined a claim on its Motor Trade One policy. It also complains that NIG returned its vehicle with parts missing.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them in detail here. To briefly summarise, J took out a Motor Trade One insurance policy. In July 2022, J made a claim following an accident which involved a vehicle that it had added onto the policy.

NIG initially accepted the claim. They arranged to collect the vehicle and an offer for settlement was made. NIG subsequently reversed their decision and said that the policy excludes privately owned vehicles and because cover for this vehicle hadn't been pre-agreed, the vehicle wasn't covered under the policy.

J disputed NIG's decision to decline its claim. In summary, it said that it did confirm the vehicle was privately owned. J also said that because the vehicle was then added to the policy, it assumes that NIG accepted the vehicle, as it didn't seek further clarification. It also said that although the policy mentions it doesn't insure privately owned vehicles, NIG had set a precedent by accepting a privately owned vehicle previously, which is still on the policy, and therefore J had no reason to believe NIG wouldn't accept this vehicle.

NIG said when the request was made to add the vehicle onto the policy, there was no mention of it being privately owned. NIG asked J's broker whether it was privately owned, but it didn't receive a response.

Following the repudiation of the claim, the vehicle was returned to J's place of choice, a dealership. J said that the vehicle wasn't returned in the same condition it was collected in - it said there were signs of tampering and missing parts.

NIG maintained that there was no cover for the vehicle under the policy and it also said the vehicle was returned in the same condition it was collected in.

Our Investigator considered the complaint and thought that NIG had acted fairly and reasonably in declining J's claim on the basis that the policy doesn't provide cover for privately owned vehicles, and he was satisfied that J didn't make NIG aware that this was a privately owned vehicle when adding it to the policy. He was persuaded that if NIG were made aware, it wouldn't have offered cover.

The Investigator also reviewed J's complaint about the condition of the vehicle when it was returned. Based on the evidence he had seen he was persuaded that the vehicle was returned with a missing pillion seat and that NIG should replace it. NIG agreed with the Investigator's findings.

J didn't agree with our Investigator and so the case has been passed to me to decide. In

summary, J said that it was for the insurer to ask questions about anything which was material to it accepting the risk. It felt that NIG had set a precedent by previously agreeing to cover a privately owned vehicle, so it had no reason to believe the vehicle wouldn't be covered. Furthermore, it felt that although NIG said they asked a question about whether the vehicle was privately owned, because they added the vehicle on to the policy without getting an answer, it further supports the fact that a precedent had been set and it didn't matter either way whether the vehicle was privately owned or 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.

Having considered the matter carefully, I uphold this complaint in part, and I'll explain why.

Both parties have provided detailed submissions to support their position. I want to assure them I've read and carefully considered everything they've said, but I won't comment on everything.

The crux of this complaint centres on NIG's decision to decline J's claim under the policy and also the condition of the vehicle when it was returned.

The policy describes insured vehicle as:

“Insured vehicle

Any Motor Vehicle the property of the Insured or in the custody or control of the Insured which is used in connection with the Business...

An Insured Vehicle does not include a vehicle:

1 privately owned by an Employee or relative of the Insured...”

The 'Insured' under this policy was J.

It's not in dispute that the vehicle in question was privately owned or that the policy doesn't generally provide cover for privately owned vehicles. However, J says that it confirmed the vehicle was privately owned and following that NIG added the vehicle on the policy so its claim should be covered.

When adding the vehicle in question onto the policy, NIG said they asked J's broker whether the vehicle was privately owned, J says that it confirmed it was. NIG said they didn't receive a response, but if they had been told, they wouldn't have provided cover. I haven't seen any evidence of NIG being informed that the vehicle was privately owned. I agree with the Investigator that it would have been reasonable for J to have highlighted this when requesting to add the vehicle onto the policy because the policy didn't automatically provide cover for privately owned vehicles and J should have been aware of this. I don't think it's reasonable for J to have assumed that cover would have been provided based on the fact that NIG had previously agreed to provide cover for another vehicle. Overall, I'm satisfied that NIG didn't agree to provide cover for this vehicle.

I note that J had previously added a privately owned vehicle to the policy. NIG said when the previous vehicle was added to the policy, they had been made aware and NIG agreed to provide cover. Based on J's previous experience with adding a privately owned vehicle onto the policy, and what I've said above about the policy stating that it doesn't provide cover for privately owned vehicles, I think on balance J should have known that privately owned

vehicles aren't automatically covered.

I understand that it must have been very disappointing for J to have been told the claim wasn't being covered after the vehicle was collected by NIG and an offer was initially made for the claim. NIG explained that they told J the vehicle wasn't covered as soon as they were aware it was privately owned. While I think J's expectations could have been better managed by NIG, I don't think they have acted unfairly by declining the claim for the reasons they have given.

Taking all the above into consideration, NIG's decision to not provide cover for the vehicle and decline J's claim was fair and reasonable. I understand this won't be the outcome J would've liked, but I can't reasonably ask NIG to do anything further to resolve this part of J's complaint.

J also complains that when the vehicle was returned, the electronic steering damper, front brake lever and tank screws were missing. It also said the tank was dented.

The vehicle was delivered by NIG to J's chosen place of delivery. J doesn't believe that the dealership was responsible for the missing items or damage which it believes to be non-accident related. J explained that it has a good business relationship with the dealership, and it frequently did business with them and so it doesn't think they would do anything to damage that relationship.

I don't doubt what J has said about its relationship with the dealership. But it is difficult to know now what actually happened, and so we have to rely on the evidence which has been provided by both parties. I've seen the photographs provided from when the vehicle was collected by NIG and the condition it was returned in. Based on these, I'm not persuaded that I have enough evidence to say that NIG are responsible for all of the items which J says are missing from the vehicle. I have seen though that the pillion seat is clearly missing and therefore I think it's reasonable that NIG replaces it.

### **Putting things right**

The fair and reasonable outcome for this complaint is for NIG to replace the missing pillion seat for J's vehicle.

### **My final decision**

My final decision is that I uphold this complaint and require U K Insurance Limited trading as NIG Insurance to do as set out in the 'Putting things right' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 17 April 2024.

Ankita Patel  
**Ombudsman**