

The complaint

Mr H is unhappy with the service provided by West Bay Insurance Plc (West Bay) following a claim he made on his motorbike insurance policy.

What happened

I set out the background to Mr H's complaint in the provisional decision I issued on 22 January 2024, but I'll set it out again below.

Mr H took out a motorbike insurance policy with West Bay in January 2023. The policy included a £250 excess payable in the event of a claim. The policy booklet explained in the event of a claim one of the options available to West Bay is to pay the *'market value of your motorcycle.'* The definition of *'Market value'* explained *'The cost of replacing your motorcycle with one of the same make, model and specification, taking into account its current condition, age and mileage.'*

In March 2023 Mr H's motorbike was stolen, and subsequently recovered. Mr H made a claim on his policy. The engineer's report determined that Mr H's bike was a total-loss, and placed a category N on the motorbike. Repair costs were estimated at £1,436.83 (excluding VAT), and £1,724.20 (including VAT).

West Bay accepted the claim and provided a value of £2,600 as the market value for Mr H's motorbike. This amount included £2,200 as the base valuation, and an additional £400 to reflect additional accessories. Mr H was unhappy with this amount and complained to West Bay. Mr H also told West Bay that he'd like to keep the salvage because of the sentimental value of the motorbike, and Mr H's wish to repair it.

Mr H visited the storage facility (company C) where his motorbike was being stored. Mr H complained to West Bay about the storage conditions of his motorbike, saying that this had caused further rust and corrosion. Mr H asked for an interim payment to be made so that he could buy another motorbike to use for travelling to and from work. West Bay arranged for £1,284 to be paid to Mr H as an interim payment.

In response to Mr H's complaint West Bay said the valuation it had offered had been calculated fairly so didn't increase its offer. West Bay did acknowledge the upset and inconvenience caused by its handling of the claim, including delays and poor customer service, and paid Mr H a total of £300 compensation in recognition of this. West Bay rejected Mr H's complaint about the storage of his motorbike, saying that the images taken when company C collected Mr H's motorbike show rust was already present on the motorbike. West Bay did offer to clean and wash Mr H's motorbike before returning it to Mr H.

Mr H didn't accept West Bay's offer to put things right and brought his complaint to this service for investigation. He was unhappy with the market value offered by West Bay, the compensation for the way his claim had been handled, and the rejection of his complaint about the damage caused by company C's storage of his motorbike.

The investigator found that the service provided by West Bay fell short of what we'd expect, but thought the calculation of the market value of Mr H's motorbike for £2,600 was fair, and the compensation offered for the poor level of service was also reasonable. The investigator explained it was for Mr H to decide whether to accept the market value offered in settlement of his claim (minus the policy excess), or take the salvage plus payment to reflect the cost of repairs calculated as per the engineer's report (minus the policy excess). By choosing the latter, West Bay would be required to pay Mr H an additional £190.20. This would be on the basis that the repair cost would be calculated at £1,724.20 (including VAT). Mr H has already received £1,284. The policy excess of £250 would be deducted. This would leave an outstanding amount of £190.20 payable to Mr H.

West Bay agreed to the investigator's findings. However West Bay did stipulate that by choosing to retain the salvage, the payment for repairs would be in full and final settlement of the claim.

Mr H didn't agree, saying that (amongst other things) '*... the process of using the guides fair enough, accepting the claim, but waiting six to eight weeks meant you change seasons and all the prices change. Is it acceptable to value something historically?... It's probably a rust bucket... What if it's £3,000 to repair... it was around £900 to repair... What if I have to pay £500 more for a top box- because it's damaged.*'

As the complaint couldn't be resolved, it was passed to me for decision. I issued a provisional decision on Mr H's complaint. This is what I said about what I'd 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've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it's affected what I think is the right outcome.

Market valuation

We can only ask West Bay to do more to put things right if we find that it has done something wrong, and not done enough to put things right. So I've looked at the trade guides that we would usually refer to when dealing with complaints about market valuation. Trade guides are based on extensive nationwide research of likely (but not actual) selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. We expect insurers to use trade guides when valuing a motorbike for claims purposes. Based on the circumstances of Mr H's complaint, I think it's fair that West Bay used the trade guides here.

I've seen West Bay has provided details of the trade values returned from three guides- the highest being Glass's for £2,200. I've also checked a fourth trade guide which is commonly used when considering motor valuation claims. The value returned from this trade guide is lower than what Mr H has been offered. Mr H was offered the highest of the values returned from all four guides for his motorbike- £2,200.

West Bay has further explained an additional £400 was added to the base valuation to reflect accessories. These accessories include heated grips, crash bungs, scottoiler, rear rack, top box, and an alarm. West Bay has explained £400 is the maximum that is offered for accessory cover for policies like Mr H's. I'm satisfied that this additional amount offered by West Bay is fair and reasonable- keeping in mind the value of accessories depreciating over time, and given the condition of the motorbike at the point of the incident. I also note that no receipts have been provided for any of the accessories on the vehicle; £400 was offered based on what the engineer had seen, and Mr H's representations.

Based on Mr H's policy terms, the values returned from the trade guides, and the evidence I've seen, I'm satisfied West Bay's decision on the valuation for Mr H's motorbike is fair. So I won't be asking it to reconsider this.

Damage caused by company C

During our investigation Mr H visited the storage facility for his motorbike, and took images of the condition of his motorbike. Mr H says these show additional rust and corrosion to his motorbike. Mr H says this has been caused by poor storage conditions with company H. I've reviewed the images provided by Mr H. I've also seen images of Mr H's motorbike on the loading truck, before it was delivered to company C. I'm satisfied that these images show evidence of rust that was present before company C took responsibility for storing Mr H's motorbike.

I've considered Mr H's comments about the dust, and general poor conditions for the storage of his motorbike. We wouldn't expect company C's involvement to include any general maintenance or cleaning of Mr H's motorbike, whilst in its care. We would expect company C to store Mr H's motorbike with consideration and respect. The rust that Mr H has indicated appears to be evident before company C's involvement with the claim. And it wouldn't be unreasonable for dust to gather on the motorbike given the length of time it has been with company C in storage. West Bay has confirmed company C will wash and clean Mr H's motorbike before returning it to him. I'm satisfied this offer to put things right is reasonable.

Repair costs

Mr H had explained he is unhappy to accept the salvage for his motorbike because '...it's probably a rust bucket... What if it's £3,000 to repair... It was around £900 to repair.' Mr H says he would like the option to discuss the repairs with an independent expert after his motorbike is returned, before accepting any payment in full and final settlement of his claim. West Bay disagree. West Bay has explained 'any further inspection won't be of any help, with the wiring loom damaged the bike will not start and cannot be road tested so they will not be able determine if any mechanical damage has been done.'

When evidence is contradictory or inconclusive (or both) I have to make a finding on the balance of probabilities. And on balance, I'm satisfied that the offer made by West Bay, should Mr H wish to keep the salvage, is fair and reasonable. I'll explain why.

The independent engineer instructed by West Bay has determined that repair costs are estimated to be £1,436.83 (excluding VAT), and £1,724.20 (including VAT). The policy excess would also be deducted from any amount. Mr H's own independent expert (company B) has also provided a breakdown. Mr H has explained 'this is based on nothing else being found and rough quote expectation was the £900 with a little contingency.'

I've already determined that I think West Bay's offer for putting right cosmetic damage is reasonable. I've considered Mr H's comments on the potential mechanical damage that might only be evident once the motorbike has been properly inspected. But I don't think any future inspection will provide a fair and reasonable assessment of whether the damage identified is incident related, or not. And it wouldn't be reasonable to ask West Bay to pay for any damage that's not incident related.

I've carefully considered the circumstances of the claim (including the motorbike being stolen), the motorbike currently not starting up, and the length of time of time the motorbike has been with company C in the storage facility. In addition to this I'm also mindful of the repair estimates provided to date. In particular, I note the repair estimate provided by the

engineer instructed by West Bay exceeds the amount Mr H has provided based on company B's assessment. I accept that company B has not physically inspected the bike. But even with this in mind, taking into consideration the other factors I've explained, I'm satisfied the repair estimate provided by the engineer instructed by West Bay is a fair reflection of the damage identified, and payment of this amount (minus the excess), is a reasonable offer in settlement of Mr H's claim, should he choose to take the salvage.

During our investigation, West Bay Insurance agreed to calculate repair costs payable to Mr H inclusive of VAT. We'd usually ask a business to pay for repair costs excluding VAT. As this cost is usually only paid by a registered business. However as West Bay has already agreed to reimburse Mr H on this basis, I think it's fair and reasonable for West Bay's payment to Mr H to be inclusive of VAT should he choose this option. This would mean Mr H is paid £190.20 (for reasons I've already explained in the background to Mr H's complaint).

In more recent discussions, Mr H has referenced a damaged top box on his motorbike that will need replacing. Mr H says 'What if I have to pay £500 more for a top box- because it's damaged.' To investigate this complaint, I've considered the images taken when Mr H's motorbike was handed to company C for storage. I've also considered the images provided to this service by Mr H following his own inspection. In doing so, I can't see any reference to damage to the top box, either in the images sent by Mr H, or his accompanying email, or in the repair cost breakdown provided by company B. And in the breakdown provided to this service, West Bay included damage to the top box in its calculation for accessories. So on balance I won't be asking West Bay to do anything more on this complaint issue.

Customer service

It's not disputed that West Bay could've done more to provide Mr H with a better level of customer service. I've seen that West Bay sent documents to the wrong email address, failed to provide Mr H with a copy of the engineer's report (despite this being requested), and delayed in sending Mr H an interim payment when it said it would. There were also periods of delay in dealing with Mr H's claim.

It is clear Mr H has suffered trouble and upset because of his dealings with West Bay- in particular, the parts of his claim that were not handled the way we'd expect. Thinking about our approach to compensation, and what's happened on this claim, I think £300 reasonably recognises the impact on Mr H caused by West Bay's failings. This amount recognises West Bay could've done more to ensure the service it provided met with Mr H's needs. West Bay didn't always follow through with doing what it had agreed, and this caused unnecessary delay in progressing the claim at times.

But I also accept that there were delays on the claim, particularly when Mr H was awaiting a response on whether his claim had been accepted, which were reasonable. Before paying a claim, we'd expect an insurer to complete a thorough investigation, and be confident that the policy terms have been met. So, although frustrating for Mr H, I can appreciate why he didn't hear back sooner than he would've liked, on West Bay's decision to accept his claim.

When thinking about the impact on Mr H because of West Bay's poor service, I think the £300 offered to Mr H is broadly in line with what we'd recommend in the circumstances. I think the compensation already offered fairly recognises the impact on Mr H because what went wrong with the handling of the claim, but also that the outcome of the claim remains unchanged. For the reasons explained, I won't be asking West Bay to pay anymore.

Putting things right

Following confirmation from Mr H of what he would like to do, I intend instructing West Bay Insurance Plc to:

1. *A) Pay Mr H the remaining amount owed for total loss of his motorbike. The market value of Mr H's motorbike has been determined as £2,600. Mr H has already received £1,284. Mr H should therefore be paid the outstanding £1,316; **OR**
B) Clean and wash Mr H's motorbike. Return the salvage to Mr H. Pay Mr H an additional £190.20. This would be on the basis that the repair cost would be calculated at £1,724.20 (including VAT). Mr H has already received £1,284. The policy excess of £250 would be deducted. This would leave an outstanding amount of £190.20 payable to Mr H.*
2. *Pay Mr H £300 if the cheques issued previously in resolution to Mr H's complaints have not been cashed.*

My provisional decision

For the reasons given above, I'm minded to direct West Bay Insurance Plc to put things right as set out above.

I invited both Mr H and West Bay to respond to my provisional decision. Mr H didn't respond to my provisional decision.

West Bay explained 'The £250 policy excess would need to be deducted, so if the valuation is £2600 - £250 excess. The settlement would be £2350 - £1284 interim already paid. This would leave £1066 outstanding to pay (rather than £1316) if the policyholder chooses not to retain. Apart from the above, we have no further comments'.

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 satisfied it is reasonable for the policy excess to be deducted should Mr H choose to receive the total loss payment for his motorbike. This would mean Mr H is paid an outstanding payment of £1,066. As explained in my provisional decision, it is for Mr H to confirm to West Bay what he would like to do so that his claim can be settled.

I don't think West Bay's comments materially change the outcome of Mr H's complaint, or my direction for putting things right. I have amended my direction to include West Bay's comments about the excess. This approach is fair and reasonable, and in line with what we would direct in the circumstances.

Putting things right

Following confirmation from Mr H of what he would like to do, I intend instructing West Bay Insurance Plc to:

1. *A) Pay Mr H the remaining amount owed for total loss of his motorbike. The market value of Mr H's motorbike has been determined as £2,600. Mr H has already received £1,284. The policy excess of £250 would be deducted. Mr H should therefore be paid the outstanding £1,066; **OR**
B) Clean and wash Mr H's motorbike. Return the salvage to Mr H. Pay Mr H an additional £190.20. This would be on the basis that the repair cost would be calculated at £1,724.20 (including VAT). Mr H has already received £1,284. The*

policy excess of £250 would be deducted. This would leave an outstanding amount of £190.20 payable to Mr H.

2. Pay Mr H £300 if the cheques issued previously in resolution to Mr H's complaints have not been cashed.

My final decision

For the reasons provided I uphold this complaint.

West Bay Insurance Plc must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 March 2024.

Neeta Karelia
Ombudsman