

The complaint

Mr M was unhappy with how his claim was handled after his car was written off and he felt Mulsanne Insurance Company Limited (“Mulsanne”) unfairly increased his premiums for his motor policy.

What happened

Mulsanne accepted Mr M’s motor claim, but Mr M didn’t think the settlement for his car reflected market value and he said his written-off car was disposed of without his permission. Mulsanne said it had valued the car in line with normal industry practice.

Mr M was also unhappy Mulsanne withheld around £1,000 of the settlement. It said Mr M hadn’t informed it of a change in occupation, which meant his premiums weren’t reflective of the risk it had been taking. The money withheld was to fund the additional premium cost.

Mr M was also unhappy that his policy was cancelled, and he couldn’t transfer it to a new vehicle. Mulsanne said this wasn’t possible as the new car wasn’t owned by Mr M. Mr M was disappointed with the general levels of communication. Mulsanne acknowledged this and offered £100 compensation for the distress and inconvenience caused.

Our investigator decided to part uphold the complaint. He thought there was evidence of a poor customer journey and awarded £200 compensation for this, which included the distress for Mr M not been given the option to retain his car after it was written off. However, he thought the settlement for the car and the increased premium charged by Mulsanne was fair. Mr M disagreed, so the case has been referred to an ombudsman.

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’ve considered whether I think Mulsanne were reasonable in retaining around £1,000 of the settlement due to increased premiums.

I’ve checked the policy and it states: *“you must make us aware of any changes as soon as possible to information provided on the statement of fact or other information supplied by you or on behalf of yourself about you or anyone else covered by this policy”*. When Mr M made his claim, the details he provided made Mulsanne think Mr M’s circumstances had changed in relation to his occupation.

I can see there was a lot of communication between the parties trying to confirm what the occupation of Mr M was. I can see Mulsanne asked for evidence on more than one occasion. I can see Mr M said his main occupation hadn’t changed and he was doing a short four-week course.

What I would say, based on the circumstances, Mulsanne were reasonable in covering the claim. Mr M had admitted when making his claim that he had commuted to university to do

his course. Mulsanne if it had wanted, could've declined the claim at this point as Mr M didn't have commuting on his policy. I think Mulsanne were fair in doing this.

However, I also think Mulsanne were fair in updating the risk profile on the insurance for a part-time student. This resulted in an increase in the premiums. Mulsanne has explained the impact of the change on the policy, so I think it has been fair to collect this money. It did this by withholding it against the settlement paid for the car. I think this was fair. The alternative would've been not covering Mr M for the claim. I think Mr M has benefitted from Mulsanne's approach.

I've considered the valuation used in making the cash settlement to Mr M. The policy sets out that it will pay market value for the vehicle, with market value being defined as *"The cost of replacing your vehicle with one of similar type, age, mileage and/or condition at the time of the loss as assessed by your insurer. Guides (such as Glasses Guide) which refer to vehicle values are used to assess the market value and also engineers and any other relevant sources"*.

So, I've considered the process Mulsanne has followed to see if it has met the terms of its policy. I can see it used two well-known industry valuation guides to assess the value of the vehicle. Our service has access to these industry tools, so I've also checked the industry guides myself. I've compared these values with the information Mulsanne has provided, and I'm persuaded the £4,235 valuation it provided was fair. Although, I can see this was reduced by 20% as the car had been a total loss when it was bought by Mr M. This approach is aligned to what our service would recommend.

I can see Mulsanne then deducted the excess and the additional premium from the settlement, which left a relatively small payment of a little over £1,000 for Mr M. I think this is fair. I think Mulsanne's approach is reasonable. I'm pleased Mr M did get some settlement for his car after the deductions. If Mulsanne had decided not to cover Mr M, then he may have been left with a small liability.

Mr M was unhappy his policy was cancelled, and he couldn't transfer his cover to another vehicle. Having investigated this, the cars Mr M tried to cover, were cars he didn't own so I can't see Mulsanne was unreasonable in its approach. I have no doubt had Mr M asked to insure a vehicle he did own Mulsanne would've done what it could do to transfer the policy.

I can see Mulsanne have acknowledged it should've given Mr M the option of keeping his vehicle and taking a reduced settlement. It has paid him £200 in compensation for this error. I think this is fair. I think if Mr M had taken this option, he would've likely owed money to Mulsanne for the excess and increased premium. I'm not convinced therefore, this option was viable for him and given the relative low value of the vehicle having been written off a second time, I don't think it would've had significant residual value. As the £200 was paid because of our investigator's view, the final point of this complaint is upheld.

I think the £100 Mulsanne offered in its final response for the customer journey is fair, so if this hasn't yet been paid Mulsanne should still honour this payment.

My final decision

My final decision is that I partly uphold this complaint. I require Mulsanne Insurance Company Limited to:

- Pay Mr M £200 in compensation – for distress and inconvenience (if it hasn't already. It should also pay the £100 it offered in its final response if it hasn't already).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 October 2024.

Pete Averill
Ombudsman