

The complaint

Mr T has complained about Well Dunn Limited, a broker, which arranged his motor trade insurance policy. His insurer declined a claim and he blames Well Dunn for that.

What happened

Mr T had a motor insurance policy which covered him for his own vehicles and for any that were in his possession for the course of his trade. The policy was arranged via Well Dunn.

In the second year of cover, there was an incident and damage was caused to Mr T's nine-seater mini-van. He made a claim to the insurer ("X"). X declined it on the basis of a policy exclusion for vehicles with more than seven passenger seats.

Mr T was unhappy – he believed he'd told Well Dunn about the seating capacity of his van. He felt it should have told him that wasn't acceptable, had it, he'd have then found alternative insurance. As it was, he felt Well Dunn had caused him to effectively be uninsured for two years – and importantly – uninsured at the time of the accident. He complained.

Well Dunn said that during the renewal call Mr T had not told it of the vehicle's seating capacity. It said the policy documents confirmed that vehicles with more than seven passenger seats were excluded. It didn't think it had done anything wrong. Mr T complained to the Financial Ombudsman Service.

Our Investigator listened to call recordings between Mr T and Well Dunn, from the point of renewal but also when the policy was first arranged. He noted Mr T had told Well Dunn's advisor that he had a mini-van which he used for transporting his eight children. Our Investigator felt Well Dunn should have picked up on this and notified Mr T that the policy wasn't suitable for him. He was satisfied that, if it had, Mr T would have found cover elsewhere and had valid insurance at the point he had needed to claim.

Thinking about that last point, our Investigator made enquiries to work out what would likely have happened but for the mini-van being excluded for its number of seats. He determined the vehicle would mostly have been found to be a total loss, with Mr T receiving a settlement based on a fair market value of £6,681. He said Well Dunn should be paying Mr T the fair market value sum, less the excess on the policy and plus interest. He said Well Dunn should cover any costs Mr T incurs for third-party claims arising from the incident. Our Investigator also said Well Dunn should pay £750 compensation.

Mr T said he was happy with that outcome. Well Dunn said it disagreed with it.

Well Dunn said Mr T had not told it the vehicle had more than seven passenger seats and said he may not transport all his children at one time. It said it is unable to tell a prospective or renewing policyholder about every policy exclusion and limitation. Well Dunn said it tells each customer key details and sends the rest out in writing – which it is aware Mr T did receive copies of but didn't read. It said Mr T did not correct the situation at renewal either.

Well Dunn said it was Mr T's responsibility to make sure the policy suited his needs by reading the policy documents and let it know if the cover wasn't suitable for him.

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 so I agree with the outcome reached by our Investigator. In short Well Dunn cannot tell a policyholder of every exclusion or limitation, but I do think it let Mr T down here in the specific circumstances which occurred. I'll explain.

Mr T chose to utilise Well Dunn's services so he could have assistance with navigating through the complex insurance industry. Mr T, as does any policyholder, had a duty to make sure any policy arranged met his needs. But because he had asked Well Dunn for help with that, the first duty was Well Dunn's – to make sure it provided a policy in line with his demands and needs.

During the sales call Mr T informed Well Dunn that one of the vehicles that he owned – which the policy would, in theory, offer cover for, was a mini-van which was used to carry eight children. It is true that Mr T did not confirm how many passengers the van could seat, and nor did he clarify that he transported all eight children at once. However, Well Dunn knew that there were some significant restrictions to the cover it was arranging for Mr T – that it would not cover certain vehicles. And Mr T shared information with it that suggested that one of the cars he needed the cover for might be one of those excluded.

I'm satisfied that Well Dunn – to be properly assessing Mr T's demands and needs – should have picked up on that key detail which he'd shared with it and asked more questions to ascertain the seating capacity of his vehicle. I'm also satisfied that if it had, and both parties had become aware that the policy being arranged was not suitable, Mr T would have found cover elsewhere. I think the fact that he ended up with, effectively, no cover for his mini-van when the incident occurred, was because of Well Dunn's failure.

I appreciate that the policy documents Well Dunn sent to Mr T were clear. I accept that, if he had read them, he might have spotted that the policy was not suitable for him. But I also bear in mind that he may well have skipped quickly through the fine detail of the policy, such as "excluded vehicles" – because he'd told Well Dunn about his vehicles, and having received that information, Well Dunn recommended this policy to Mr T. It was not up to Mr T to pick up on the fact Well Dunn had failed him.

Because Mr T had a vehicle which the insurer specifically excluded, that meant Mr T's claim for damage to that vehicle was declined. I'm satisfied that was a result of Well Dunn's failure. So I think it's only fair to require Well Dunn to compensate Mr T to the value of the claim settlement he would likely have received from the insurer, had his vehicle not been on the excluded list.

In terms of the settlement Mr T should have received if the mini-van had not been excluded due to its number of seats, our Investigator determined that X would likely have written the vehicle off, settling the claim on the basis of a payment made to Mr T which would take into account the mini-van's fair market value.

I see that an engineer appointed by X, before the claim was declined, valued the vehicle at £6,000, this value was later increased to £6,681. Our Investigator consulted motor valuation guides often used for valuing vehicles, taking into account the type of vehicle, its age, and mileage around the time of the claim. The guides returned a valuation of £6,795.

This Service has an approach to complaints we see about motor valuations – we expect an insurer to settle matters in line with the highest value returned by the motor trade guides. Or, if it wants to settle at a lower value, out of line with the highest price returned by the guides, we expect it to support why paying at a lower value is fair. Here, whilst the value applied by X was lower than the sum our Investigator returned, it seems to me that was likely a fair value. The prices returned by the guides do fluctuate over time. This is because the guides receive and process new data. I don't see that a difference of £100, in this instance, is really a sign that X was seeking to apply a value to the vehicle which was out of line with the guide valuations. I'm satisfied that the market value of £6,681 was likely set by X, in line with our approach and that, if it wasn't for Well Dunn's error, this would have formed the basis of a fair and reasonable claim settlement for Mr T.

Any settlement would have been net of the applicable policy excess. So Well Dunn can fairly deduct that from the value of £6,681. To the sum remaining interest should be added, to account for the fact that, but for Well Dunn's error, Mr T would likely have had the claim settlement 'in his pocket' from one month after the claim was made.

I'm not aware if there was any third-party involved in this incident. If there was and Mr T has incurred costs, Well Dunn will need to reimburse his outlay, plus interest.

I can see that this has been a difficult and frustrating time for Mr T. He had acted to arrange cover for an event like this, and he had sought professional assistance in order to be recommended a suitable policy. I can see he initially had to correspond with the insurer over this and then challenge Well Dunn. I think £750 compensation is fairly and reasonably due.

Putting things right

I require Well Dunn to:

- Pay Mr T £6,681 less the policy excess which would have been applied by X had this been a successful claim, plus interest*. Interest to be applied on the settlement amount from a date one month after the claim was made to X until payment is made.
- Reimburse to Mr T any costs he had incurred for third-party losses arising from this incident, subject to evidence of the outlay and plus interest*. Interest to be applied from the date Mr T incurred the relevant cost until settlement is made.
- Pay Mr T £750 compensation for distress and inconvenience.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Well Dunn to take off tax from this interest. If asked, it must give Mr T a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Well Dunn Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 23 April 2025.

Fiona Robinson
Ombudsman