

The complaint

Mr K complains that Tradex Insurance Company PLC ('TIC') unfairly declined a claim on a commercial vehicle insurance policy.

Mr K's policy was sold and is administered by a third party company on TIC's behalf and all his correspondence has been with this company. However, TIC is the policy underwriter, so his complaint is against TIC. Any reference to TIC in my decision includes the administrator.

What happened

Mr K had a commercial vehicle insurance policy with TIC, taken out through his insurance broker. Mr K is a sole trader whose business was buying and selling motor vehicles, trading from his home address. In February 2024, an uninsured driver crashed into one of Mr K's vehicles while it was parked in a secure car park near his home. He made a claim on his policy.

TIC declined the claim in July and explained this in writing in both July and August 2024. It said:

- It didn't accept the claim because the vehicle was damaged more than 100m from the listed premises on the policy.
- It told him he was covered for damage at trade premises, so an exclusion highlighted in the Insurance Product Information Document (IPID) for "*vehicles parked within 100 metres of the trade premises*" didn't apply to him.
- It accepted that its communications to Mr K "*could have been clearer*" and there were "*occasions where we have failed to respond to your emails or haven't provided the level of communication we would expect to see.*"
- It offered him £150 for this.

Mr K appealed the decision. He said, in summary:

- TIC's decision to decline the claim was "*baseless, without substance, fraudulent, unreasonable and wrong.*"
- The policy wording was "*ambiguous*", and he couldn't possibly have known he was breaking the contract.
- An important policy term was "*buried in the contract when it should have been given to me in the key facts.*"
- A key part of his policy – cover for the vehicles when they were parked – was changed when he renewed his insurance.

TIC replied to this in November 2024. It told Mr K:

- His policy only covered his vehicles "*whilst being driven or temporarily parked during a journey.*"
- The circumstances in which his vehicle was damaged wasn't either of these.

- The policy didn't cover his vehicles while parked at trade premises (his home).
- This was an optional extra under the policy, however his broker had confirmed he didn't choose this.
- If Mr K had concerns about this and how his policy was sold, he should complain to his broker.
- Similarly, if he had concerns about the third party company he appointed to handle his claim, he should complain to this company.
- It apologised for not waiting for Mr K to provide further information about his claim before issuing a final response in August. It offered him an extra £200 for this.

Mr K didn't agree and brought his complaint to this service.

Our investigator didn't recommend that the complaint should be upheld. She found that Mr K's policy covered his vehicles while they were being driven but didn't cover them while they were parked at his home/trading address. She was satisfied that TIC's decision to decline the claim in line with the policy terms and was reasonable. She also thought TIC's total compensation offer of £350 to apologise for failings during its handling of the claim was fair.

Mr K didn't accept this, so the complaint was passed to me to make a final decision.

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.

Mr K has made several points about why he believes TIC's decision was unfair and its complaint handling. I've looked at everything he's said but I don't think I need to comment on each point to reach the right outcome. I've focused instead on what I think are the key issues. In this case, these are why TIC decided to decline the claim.

Page 9 of Mr K's policy booklet sets out what the policy covers:

"Unless more specific cover is shown in the schedule or elsewhere in the policy, we will insure you whilst any

- i) permanently owned vehicle*
- ii) vehicle or trailer being towed by or transported in or on a permanently owned vehicle*
- iii) customer vehicle or stock vehicle held in trust by you or in your custody or control is being driven or used in the United Kingdom in connection with your business and/or any declared additional occupation by you or a person named in the schedule as entitled to drive and is*

- 1. on a highway, road or other area to which the public have access*
- 2. temporarily parked in the course of a journey*
- 3. garaged or parked at the trade premises or home*

but not

- a) at subcontractors' premises for work to be carried out*
- b) stock vehicles at customers' premises*
- c) at car lots or auctioneers' premises for demonstration or sale*
- d) at any dock, terminal, freight forwarder's or other premises for import or export."*

This suggests the policy covers Mr K's stock vehicles garaged or parked at his home. However, that isn't the full story and I think the phrase "*unless specific cover is shown in the policy or elsewhere in the policy*" is important. It seems that this is simply the standard cover unless different cover is specified in the policy documents.

The policy is divided into several sections but for this complaint Section 2 is relevant (pages 13-23 of the policy booklet). This sets out the cover for "*vehicles on the road and at the trade premises*". The section starts by noting: "*Your schedule will show whether this section is in force.*" Section 2A covers 'Vehicles on the road (Road risks)'; Section 2B covers 'Vehicles at the trade premises'. Each section begins with a similar note: "*Your schedule will show if Road Risks/vehicles at premises cover is in force and which of covers A, B, C, D and E are operative.*"

Mr K's 2023/24 policy schedule shows his cover includes 'Road risks'. But, crucially, it doesn't include 'Vehicles at the trade premises'. The cover for vehicles at trade premises includes damage to vehicles parked within 100m of the premises but excludes "*loss of or damage to customer vehicles or stock vehicles stored or parked more than 100 metres away from the trade premises or other location stated in the schedule.*"

I understand why Mr K is confused and angry. His 2022/23 policy schedule shows that both 'Road Risks' and 'Vehicle at Premises' were covered under his policy. However, both the 2023/24 schedule and the December 2023 Statement of Facts clearly show that vehicles at trade premises aren't covered. This means, unfortunately, that I'm satisfied Mr K's policy doesn't cover the damage to his vehicle in February 2024.

The relevant industry rules have always required businesses to treat their policyholders fairly. This is set out further by the new Consumer Duty, which set out higher and clearer standards of consumer protection. This means, among other things, that insurance companies must give them the information they need, at the right time, and presented in a way they can understand. That way they can make informed decisions.

I'm satisfied that Mr K's policy documents did this. For example, the table on page 2 of his broker's Statement of Facts very clearly set out what was and wasn't covered. The IPID also shows that 'Vehicles at premises' is an optional cover. Mr K and his broker were reminded to check the policy documents at renewal. I think either or both should have spotted the change in cover and corrected this at the time.

I don't know why the level of cover was changed, but I'm satisfied that TIC provided the cover as proposed in the Statement of Facts. As our investigator explained, Mr K can raise a complaint against his broker for failing to arrange a suitable policy at renewal in December 2023. He should make his complaint to the broker and, if he isn't satisfied by its response, he can bring it to this service.

I agree with Mr K that TIC's explanations for declining his claim were confusing and at times contradictory. It initially told him it didn't accept the claim because of the 'parked more than 100m from trade premises' policy exclusion. But this exclusion wasn't relevant because it only applied under the 'Vehicle at trade premises' cover. As I've explained, Mr K's policy didn't have this option, so TIC's initial reason for declining the claim was wrong.

However, I'm satisfied that the policy terms, when read alongside the policy schedule, are clear. TIC appears to have realised its error and corrected this in its final response in November.

TIC offered Mr K a total of £350 to apologise for its poor communication, delays responding to calls and emails, and delays dealing with his claim. I've considered the level of award

made by this service in similar circumstances. Having done so, I'm satisfied that TIC's offer is fair. I won't be asking it to do any more and I leave it to Mr K to decide if he wants to accept this.

Finally, TIC recovered Mr K's vehicle and deemed it a Category B write-off. That means it can't be repaired and must be scrapped. Section 2A of the policy booklet (page 14) explains what happens when a claim is declined and the vehicle scrapped: "*we will pay you the proceeds of the salvage plus any interest earned.*" TIC should pay Mr K the vehicle's salvage value as soon as possible.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 26 March 2025.

Simon Begley
Ombudsman