

The complaint

Mr R complains about the service he received from West Bay Insurance Plc (West Bay) after he made a claim under his car insurance policy.

References to West Bay also includes its agents and representatives.

What happened

Mr R held a car insurance policy underwritten by West Bay. In May 2024 he made a claim on the policy after the car was damaged by heavy rainfall. He said he believed the rain entered through the panels causing extensive damage to the car.

West Bay accepted the claim and deemed Mr R's car a total loss. So, it offered him the car's market value in settlement of the claim. Mr R accepted the offer and transferred the car's registration documents over to West Bay in line with the policy terms.

But later, West Bay reneged on its original offer. It said after reinspecting the car the damage was the result of wear and tear - and something not covered under the policy.

West Bay apologised for the way it handled things. It offered the car to Mr R so he could register it back in his name. It said it would reimburse Mr R £80 for the costs he incurred when he removed the personalised number plate, and it would cover any reasonable costs he may incur later when putting it back on. It accepted the service it provided was left wanting and offered him a further £175 in compensation for the trouble and upset caused.

Mr R disagreed. He said he no longer owned the car and was unwilling to accept it. He said West Bay should settle the claim on a total loss basis like it agreed to do. But West Bay maintained its position. And it offered Mr R two options; it would either return the car back to him or it would arrange for it to be salvaged. Mr R didn't want it back so West Bay disposed of it. Mr R remained unhappy, and he referred a complaint to this Service.

Our Investigator considered the complaint and didn't recommend it be upheld. She said it was fair for West Bay to decline the claim. She acknowledged the service West Bay had provided to Mr R during the claims process had fallen short but said the compensation it offered was fair and reasonable in the circumstances.

Mr R rejected our Investigators findings and asked for an Ombudsman to review the complaint.

I issued a provisional decision on Mr R'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.

Mr R's policy covered damaged to the car. But the policy terms included the following exemption:

“What sections 5,6 and 7 do not cover...

C Loss of value, damage caused by gradual deterioration, and wear and tear.”

So, the policy didn't cover Mr R's car for wear and tear or damage which had been caused gradually.

I've listened to the recording of Mr R's call to report the claim to West Bay. He said the car hadn't been used in around six months. And upon attempting to start it, he identified water in the boot that had caused damage to the electrics, which he said was the result of watering entering from the panels of the car over the winter months.

Based On Mr R's description of the cause of the damage, which is later supported by his submissions to this Service that the make and model of the car is known to have issues with water ingress, it seems more likely than not the damage is the result of wear and tear that's happened gradually. As the policy doesn't cover damage of this nature, I don't think it was unreasonable for West Bay to decline the claim.

But West Bay gave Mr R the impression it was. And it arranged for the car to be collected, and a pre accident value (PAV) was agreed in settlement of the claim. Mr R accepted this and transferred the car's registration to West Bay. And as far as Mr R was concerned the claim was settled. So, I think it must have come as a shock and disappointment to him to discover West Bay had reneged on its decision. And its actions mismanaged Mr R's expectations that I think would have caused some considerable upset and frustration.

Once West Bay declined the claim, it offered to transfer ownership back in his name. But by this point a category B had been placed on the car and it had been held in storage for several months. As such, Mr R had concerns further damage may have been caused. He also explained his circumstances had changed and he had no space to store it. So, I don't think his decision to refuse the car was unreasonable.

But I also don't think West Bay's offer to return the car to him was unreasonable either. In essence, it was trying to put Mr R back in the position he would have been in had it not incorrectly accepted the claim.

I note Mr B comments that he completed a Hire Purchase Investigation (HPI) check on the car after West Bay had offered to return it to him and it still had the category B marker placed against it. And therefore, he wasn't able to accept it back. I've seen a copy of the HPI check after West Bay's offer and the category marker is on there, so it doesn't seem it was removed like West Bay said it was. But I don't think that materially changes things. Mr R told West Bay he no longer wanted the car irrespective of whether the category B marker was registered against it or not. So, I don't think West Bay's failure to update the HPI information had an impact on Mr R's decision making.

West Bay has now salvaged the car. As Mr R no longer wanted it, I don't think there was any benefit in West Bay keeping it in storage. And given the costs of the repairs cost more than the cars market value, it seems unlikely Mr R would have arranged for the repairs himself had it been returned to him.

Had West Bay correctly declined the claim at the outset like I think it should have done, it seems more likely than not, Mr R would have had to dispose of the car himself, and in doing so would have likely incurred some costs. So, West Bay disposing of the car, in effect, on behalf of Mr R, has saved him the inconvenience of arranging this himself along with potential costs. So, given the circumstances of things, I don't think its decision to salvage the car was unreasonable.

Notwithstanding the above, I think the service West Bay provided to Mr R fell short of what he could reasonably expect to receive. I have sympathy for Mr R's complaint about West Bay and I recognise, in his mind, West Bay have effectively taken and disposed the car without any benefit to him. But for the reasons set out above, I don't think that's the case.

However, I'm aware the way West Bay handled things has caused him undue trouble and upset. I haven't detailed everything here – but I've considered everything Mr R has said about the impact on him.

West Bay paid Mr R a total compensatory amount of £255 which included the £80 fee Mr R incurred in removing his personalised numberplate. While I think it's fair for West Bay to reimburse Mr R the £80 he paid, I don't think the compensation (£175) fairly reflects the impact its actions had on him over a considerable period or the way it managed his expectations on how the claim would be settled. And I think the service he received would have caused undue trouble and upset over and above what I would expect to see in a normal claims process. So, I'm minded to direct West Bay to pay a further £150 in compensation.

My provisional decision

For the reasons set out above I intend to uphold this complaint. I intend directing West Bay Insurance Plc to settle the complaint as follows:

- *Pay Mr R an additional £150 for the trouble and upset caused.*

Responses to my provisional decision

I invited both Mr R and West Bay to respond to my provisional decision. Mr R provided a detailed response as to why he disagreed with my provisional decision. I've summarised his comments below.

Mr R maintains the damage to the car was the result of a one-off storm event and something covered under the policy. He also explained that had West Bay declined the claim at the outset he would have repaired the car himself. But he was unable to do so because he'd transferred the registration documents over to West Bay and it had unfairly placed a category B marker on the car that meant it was no longer roadworthy and something he felt he couldn't retain.

He says it wasn't fair for West Bay to take ownership of the car, then offer it back to him several months later with the Category B marker still in place. And he maintains West Bay should accept the claim on a total loss basis in line with the policy terms.

West Bay accepted my provisional 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 R provided a detailed response to my provisional decision. While I won't comment on every point Mr R has raised, I've thought carefully about everything he has told us.

I appreciate Mr R feels strongly that the damage to the car is the result of an ingress of water caused by a one-off storm event, but I've seen no additional evidence that persuades me to depart from what I set out in my provisional decision. So, for the reasons set out above, I don't think it was unreasonable for West Bay to conclude the damage Mr R is claiming for was the result of wear and tear that happened gradually. And as that's not something covered under the terms of Mr R's policy, I don't think it acted unreasonably when it declined the claim. It follows, I'm not directing West Bay to do anything further.

I have noted Mr R's comments that he believes West Bay's actions to take ownership of the car without settling the claim constitutes as theft, and the statute law he feels is relevant to his claim. While we do consider the law as part of our decision-making process, my role requires me to form my own view, in accordance with what I consider the fair and reasonable outcome of the complaint should be. That's what I've done in determining this complaint. And while I agree West Bay incorrectly accepted the claim and took ownership of the car unfairly, I don't think its offer to amend the write-off categorisation marker and return the car back to Mr R was unreasonable as I think it put him back in the position he was in prior to West Bay incorrectly accepting the claim.

Mr R said West Bay failed to amend the write-off categorisation marker, which prevented him from retaining ownership of the car. And had it correctly declined the claim at the outset or removed the Category B marker (and allowed him to retain the car) he would have completed the repairs himself. However, as I set out in my provisional decision, Mr R told West Bay he no longer wanted the car irrespective of whether the category B marker was registered against it or not. So, I think West Bay's decision not to remove the marker was based on Mr R's decision not to retain ownership. And while I accept Mr R had bought some parts to repair the car prior to contacting West Bay, I've seen a copy of the engineer's report completed by West Bay that said the repair costs were substantially more than the market value of the car. So, it seems unlikely Mr R would have arranged for the repairs himself had it been returned to him. And I've seen no compelling evidence to persuade me otherwise.

Notwithstanding the above, I maintain my position that the service West Bay provided to Mr R fell short of what he could reasonably expect to receive during a normal claims process. And I think West Bay's handling of things caused undue trouble and upset to Mr R. So, for the reasons set out in my provisional decision, I require West Bay to pay Mr R and additional £150 (making the total amount payable £405) in compensation for the trouble and upset caused.

My final decision

For the reasons outlined above I uphold this complaint. I direct West Bay Insurance Plc to settle Mr R's complaint as follows:

- Pay Mr R a total amount of £405 in compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 May 2025.

Adam Travers
Ombudsman