DRN-5777131

The complaint

Mr F has complained about Arch Insurance (EU) DAC's handling of a claim against a policy covering a sports car, which belongs to him, and he uses for races and track days.

The policy is in the name of a race team I'll refer to as M.

Any reference to Arch includes its agents.

What happened

Mr F made claims via his insurance broker following two incidents in which his car was damaged. The first claim followed an incident at a race-track, which I'll refer to as Racetrack D, on 17 September 2023. His claim for this was settled by Arch with a payment of £5,787. The second claim followed an incident on 8 October 2023 at a race-track, which I'll refer to as Racetrack S. Arch didn't pay anything on this claim because it considered the cost of repairing the damage to Mr F's car was less than the policy excess of £17,500.

Mr F complained to Arch about the way it had handled both claims. Arch issued a final response rejecting his complaint about the first claim on 10 January 2024. And it issued a final response upholding his complaint about the second claim in part, because it accepted it could have told him it wouldn't be paying anything on the claim sooner than it did. And it offered Mr F £250 in compensation for the distress and inconvenience this had caused him.

Mr F asked us to consider his complaint about the second claim on 21 June 2024. And he said he wanted us to consider his complaint about the first claim when I spoke with him in July this year.

We asked Arch to provide its file on the second claim and complaint and any other relevant evidence. It provided this and at the same time argued Mr F's complaint about the first claim was time-barred because he had not referred his complaint to us within six months of its final response.

One of our investigators considered Mr F's complaint. He said his complaint about the claim following the incident on 17 September 2023 was time-barred because he did not refer it to us within six months of Arch's final response letter. On the second claim, he said he was satisfied that Arch's decision that the amount due on his claim was less than the policy excess was reasonable. And that its investigations were reasonable in the circumstances.

Mr F didn't agree with the investigator's findings and asked for an ombudsman's decision. He's said that at no point did Arch tell him the excess on his policy increased with each claim he made. And that the documentation was sent to M and not him, despite the fact he was the policyholder. He has also said he considers the policy conditions are unfair; in particular with regards to the fact that it doesn't cover VAT on repairs.

I spoke with Mr F and asked him to provide invoices for the work carried out on his car and the payments he had made for these following the incident on 8 October 2023. However, all he has been able to provide is some photographs of the car, which I presume were taken while it was being repaired, and his correspondence with M and the assessor.

I issued a provisional decision on 11 August 2025 in which I set out what I'd provisionally decided and why as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I should first make I clear that I consider Mr F is eligible to complain about the way claims under the policy were handled by Arch, even though the policy is not in his name. This is because – as the owner of the car insured under it – he is a party for whose benefit the contract of insurance was taken out. And our rules state that this makes him an eligible complainant.

The first claim following the incident on 17 September 2023

I've looked at the complaint form Mr F provided to us and it does not seem he actually raised a complaint with us about this claim. I can see Arch issued its final response on 10 January 2024 in which it said it felt the settlement amount paid on this claim was enough. And I appreciate that when I spoke to Mr F he said he wasn't happy with this. But his complaint form only refers to the claim following the incident at Racetrack S and the claim for the damage caused in this incident. It does not mention the claim following the incident at Racetrack D in September 2023. In view of this, I can't consider his complaint about this claim. This is because by the time I spoke with Mr F about it and he said he wanted me to consider it, it was more than six months after Arch had issued its final response. And this means it is time-barred.

I appreciate that when I spoke to Mr F I told him that I thought that I was able to consider his complaint about this claim. And I apologise for any inconvenience and disappointment this has caused to him.

The second claim following the incident on 8 October 2023

The terms and conditions of the policy were set out in both the Schedule of Insurance and the policy document. And the schedule clearly states that the excess under the policy increases to £17,500 after two claims have been made. Mr F had made two claims prior to making the claim following the incident at Racetrack S. So, I am satisfied Arch was entitled to apply a £17,500 excess to his claim for damage to his car following this incident. If Mr F isn't happy that he had a policy where the excess increased after each claim he would need to continue with his complaint about the broker who arranged his policy, as it is not Arch's responsibility. I can see he has complained to the broker and asked us to consider this complaint. So I have asked our investigator to follow up on this.

It also states in the schedule that VAT is excluded. And, while I appreciate Mr F considers this is an unfair term because he is not VAT registered, I do not agree. Arch is entitled to decide what it wants to cover under the contract. And I do not believe the exclusion of VAT creates an imbalance in the rights of the parties to the contract. It is simply a cost Arch is not willing to cover. And I suspect that M is VAT registered. So, as the policyholder, Arch would be entitled to assume M could claim any VAT back from the HM Revenue and Customs. The fact is Mr F is not the policyholder and the terms of the policy were agreed by the broker. And – as I've said - if Mr F is unhappy about these things, he will need to continue with his complaint against the insurance broker.

Arch has also allowed a 5% reduction on the repair costs for wear and tear and limited the labour to £50 per hour. And I'm satisfied the policy terms allow it to do so. And that this

means it is reasonable in the circumstances.
Arch also removed the cost of repairing the chassis and splitter on Mr F's car. To enable me to consider these things further, I had hoped Mr F would be able to provide evidence of the repairs or corrections carried out to them. But he has not been able to. So, as things stand, I can't say Arch's request for further evidence on these things and its deductions for them were unreasonable.

So overall, it does seem that the cost of repairing Mr F's car following the incident on 8 October 2023 was less than the policy excess of £17,500. And this does mean that Arch was not obliged to pay anything in settlement of the claim for it under the policy.
I can see that Arch could have handled the claim better; in particular it could have picked up on the fact there was not going to be a payment due much earlier. But I'm satisfied that the £250 it has paid to Mr F for the distress and inconvenience this caused him is fair and reasonable.

In summary, I'm satisfied that Arch's decision not to pay anything for the claim for damage to Mr F's car following the damage to it caused in the incident on 8 October 2023 was reasonable. And that what it has paid in compensation for the distress and inconvenience Mr F experienced as a result of its poor handling of the claim is fair. This means it would not be appropriate for me to uphold Mr F's complaint.

My provisional decision

I've provisionally decided not to uphold Mr F's complaint about Arch Insurance (EU) DAC.

I gave both parties until 25 August 2025 to provide further comments and evidence in response to my provisional decision.

Arch has not provided any further comments or evidence.

Mr F has replied to say he is unhappy with the outcome, but he has not provided any comments beyond this. He has also said he has never received the £250 in compensation offered by Arch for distress and inconvenience.

I've checked with Arch and it has confirmed that the £250 in compensation was never paid to Mr F, as it didn't have his bank details. And that it will now reach out to him for these and make the payment when it has them.

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 appreciate Mr F is unhappy with my provisional decision, but as he has not provided any further comments or evidence beyond this, I can't see any reason to alter the view I set out in it, that his complaint should not be upheld.

My final decision

For the reasons set out in my provisional decision dated 11 August 2025 I do not uphold Mr F's complaint about Arch Insurance (EU) DAC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 23 September 2025.

Robert Short
Ombudsman