

## The complaint

Mr W has complained that Peacock Insurance Services Limited mis-sold his Motor Trade Insurance policy and that this led to him having a claim he made under it turned down by the insurer.

## What happened

A vehicle belonging to one of Mr W's customers, which I'll refer to as vehicle C, fell off a ramp while it was in his possession and suffered extensive damage. This happened in July 2022. Mr W made a claim under his policy. His insurer made an initial offer in settlement of the claim, which Mr W turned down. It then made a second offer. But before Mr W had decided on whether to accept this, it turned his claim down on the basis he didn't have cover for damage to customer vehicles while they were on his premises.

Mr W complained to the insurer, but it wouldn't alter its position. So, he asked us to consider his complaint about the insurer. We didn't uphold it on the basis his policy didn't include cover for damage to customer vehicles on his premises.

Mr W then said he wanted to complain about Peacock on the basis he wanted 'premises' cover and it had arranged a policy for him without it. We told Peacock about this and it issued a final response rejecting Mr W's complaint. It said it couldn't obtain a recording of the telephone call Mr W made when he first agreed the policy in April 2022 with one of its staff. But it said had offered Mr W the option to cancel the policy when he had realised it didn't cover modified vehicles. And he'd confirmed he wanted to keep it and that it met his demands and needs.

Mr W asked us to consider his complaint about Peacock. One of our investigator's did this. She said that she'd concluded it was most likely that Peacock made an error and failed to explain to Mr W when it sold him the policy that it didn't cover customer vehicles while they were on his premises. And that, because of this, Peacock should pay Mr W what he'd have got from the insurer if his claim had been covered. She also suggested Peacock should pay Mr W £300 for distress and inconvenience.

Peacock did not agree with the investigator's view and asked for an ombudsman's decision. It said its conclusions were based on the policy documentation provided to Mr W. And because it made it clear to him that he needed to check this. It pointed out that it was clear from this that stock vehicles at Mr W's premises were not covered by the policy. It also pointed out that vehicle C had a market value of £90,000 and that the limit on Mr W's policy for customer's vehicles under the Road Risks section was £40,000.

Our investigator went back to Peacock and said she still thought Mr W's complaint should be upheld, but that it should appoint a loss adjuster to assess the damage to vehicle C. And then pay compensation for the repairs needed up to a maximum of £40,000.

Peacock didn't agree with the revised outcome suggested by the investigator and said that it still wanted the complaint to be referred to an ombudsman. It pointed out that it had not received evidence of a formal claim from Mr W's customer. And it asked if Mr W could be

asked to submit evidence of a formal complaint from his customer, along with his details, any formal agreement on liability and a formal repair estimate or invoice.

I issued a provisional decision on 11 December 2024 in which I set out why I'd provisionally decided Peacock should pay Mr W compensation of £35,460 for the financial loss he'd suffered as a result of it most likely not fulfilling its obligations when it arranged the abovementioned policy for him. I also said it should pay Mr W compensation of £300 for the distress and inconvenience he'd experienced because of this.

I gave both parties until 24 December 2025 to provide further comments and evidence in response to my provisional decision.

Peacock responded to say that it was minded to abide by my provisional decision in principle. But it argued that the compensation figure I'd suggested was too high and should be reduced by around £8,000, as the amount in the repair estimate for the labour required to repair Mr W's customer's vehicle was too high. This view was based on the opinion of the insurance company's motor engineer. It also said it should be reduced to reflect the fact that, if Mr W had had cover under his policy for customer vehicles, an excess of £600 would have applied. Plus, it said it did not think the premium Mr W would have had to pay for cover for customer vehicles needed to be deducted. It did however ask how this should be calculated if I still thought it should be deducted.

I went back to Peacock and said that it remained my view that the amount allowed for labour in the repair estimate should not be reduced, as the insurance company's engineer had not provided any justification for his view that the number of hours allowed in the estimate for labour was too high. I did however agree with its view that £600 should be deducted to reflect the excess that would have applied had Mr W's policy covered customer vehicles. And I explained why it remained my view that the extra premium Mr W would have paid for this cover should be deducted. And I explained that the amount to be deducted should be determined by asking the insurer what the extra premium would have been and deducting this amount.

Peacock has now responded to say that, whilst it does not agree with my conclusions, it will comply with my final decision once issued. And it's said it will not seek to apply a reduction to the amount allowed in the above-mentioned repair estimate for labour. It also confirmed its agreement with my view that the excess should be deducted, along with the extra premium Mr W would have paid for cover for customer vehicles. It also asked me to confirm that VAT would not need to be added to the amount allowed as compensation for the cost of repairing Mr W's customer's vehicle.

Peacock has also queried the next steps if Mr W accepts my final decision and asked whether the compensation due should be paid directly to Mr W. And how matters would proceed if he did not repair or arrange repair of the customer's vehicle or pass the money for the repairs on to the customer. It's also asked if there should be a 'sanctions check' if it has to pay the compensation directly to Mr W.

Mr W has said he accepts my provisional decision and the deduction of the £600 excess, which I let him know about after Peacock raised it as an issue.

### **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 have noted Peacock's comments and now it has said it agrees in principle with my

provisional decision and has accepted that there should not be a deduction to reflect a lower amount for labour from the estimate for repairing Mr W's customer's vehicle, I see no reason to depart from the conclusions I reached in my provisional decision. Although, as I have already mentioned, I agree £600 should also be deducted to reflect the excess Mr W would have had on cover for customer vehicles. This means the compensation payment due to Mr W for the financial loss he suffered because of Peacock's failure to meet its obligations is £34,860.

I have noted that Peacock have said it will comply with my final decision once issued. But I think it is worth me explaining that if Mr W accepts it, my final decision will be legally binding on Peacock. So, it will have to comply with it. If Mr W doesn't accept it, then it will not be legally binding on Peacock and it will be free to decide what to do.

The amount of compensation due for the financial loss I consider Mr W has suffered as a result of Peacock's failure to meet its obligations is payable directly to him. This is because it replaces what would have been due to him if he'd had the cover he should have had under his policy. What Mr W does with this money is up to him and there are no sanctions or requirements attached to my award. If Mr W doesn't repair or arrange repair of his customer's vehicle or pay him the amount required to have the repairs carried out, this will be a matter between Mr W and his customer and Peacock would not need to become involved. And, as I understand it, the customer would have no right legally to recover anything from Peacock.

I can confirm that Mr W is VAT registered, so VAT will not need to be added to any amount due to him, as he would be able to reclaim any VAT he pays on the repairs to his customer's vehicle. Because of this, even if Mr W decides to provide the funds to the customer to have his car repaired, this would be his choice and therefore the fact the customer may have to pay VAT on the repairs would be a matter between Mr W and his customer.

### **Putting things right**

For the reasons set out in my provisional decision dated 11 December 2025 and above, I've decided to uphold Mr W's complaint and require Peacock to do the following:

- Pay Mr W £34,860, less whatever extra premium his insurer would have charged for cover under his policy for customer vehicles for the full policy term.\*
- Pay Mr W £300 in compensation for distress and inconvenience.\*\*

\*Peacock must pay the compensation within 28 days of the date the insurer provides the amount of extra premium it would have charged under Mr W's policy for cover for customer vehicles to Peacock. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

\*\* Peacock must pay the compensation within 28 days of the date we tell it Mr W accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

### **My final decision**

I uphold Mr W's complaint about Peacock Insurance Services Limited and order it do what I've set out above the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 February 2026.

Robert Short  
**Ombudsman**