

## complaint

Company A complains that Allianz Insurance Plc (“Allianz”) won’t pay in full a claim it made under its commercial motor insurance policy when, following a break in at its premises, one van was stolen and another was damaged. It’s represented in bringing this complaint by its broker, whom I’ll call “B”.

## background

In August 2016, Company A’s premises were broken into. The gate was damaged, one van was stolen, and another van was damaged during an attempted theft. Company A claimed under its policy as follows:

1. *for the stolen van* – it said when it bought this van at auction it had been converted to a welfare/messing type van and its replacement cost was in the region of £6,300;
2. *for the damaged van* – new locks, key, and ignition barrel were needed. In addition, although the van had been running before the attempted theft, it couldn’t be started afterwards. Company A said the engine had been damaged when the thieves tried to start it. So it claimed a total of £1,459.75, plus £472.48 to replace a timing chain; and
3. *for damage to the gate lock* – it obtained an estimate of £475 to repair the gate.

Allianz said it would only pay the following, subject to the policy excess of £350:

1. *for the stolen van* – Allianz said it had been unable to establish that the van had been converted to a more valuable welfare/messing type van. So it would only pay this part of the claim on the basis of the pre-accident value of a standard van of that age, condition, mileage, and type, which was £3,425. From this it would deduct £425 for previous mechanical damage affecting the van;
2. *for the damaged van* – Allianz said it would pay £345 for the damage to the locks, key and ignition. But it didn’t accept that the remaining damage was caused by the attempted theft; and
3. *for damage to the gate lock* – Allianz said Company A had repaired the gate itself so hadn’t incurred the cost quoted. It said it would pay £250 in respect of the repair costs.

## our investigator’s view

Our investigator recommended that this complaint should be upheld in part. Dealing with each part of the claim, she said:

1. *for the stolen van* – having contacted a firm who we know did a conversion on the van, it seemed that the actual conversion was to a “crew van”, not a messing/welfare type van. She had arranged for a valuation for a van of this specification, age, condition, mileage and type to be provided by a trade vehicle valuing organisation. This was given as £3,475. So she thought Allianz’s valuation of £3,425 was reasonable.  
However, where there was some pre-existing damage to a vehicle that was stolen, we thought it fair that only half the cost of repairing the damage should be deducted in arriving at the value of the vehicle. So in this case she thought Allianz should increase its offer by £212.50;

2. *for the damaged van* – the repairer Company A asked for an estimate to repair the damaged engine said the engine injectors could have been damaged during the attempted theft. Allianz's engineer didn't think the issue with the engine was related to the attempted theft.  
Another engineer appointed by Allianz thought the problem related to a timing chain slipping, which arose from poor maintenance. However when Company A replaced this, it didn't cure the problem.  
The investigator didn't think Allianz had done enough to show that all the damage wasn't caused by the attempted theft. So she said Allianz should cover all the costs of the repairs up to the estimates produced; and
3. *For the damage to the gate lock* – she thought it was fair that the full cost of the gate repair should be covered, provided Company A produced an invoice showing reasonable repair costs.

Allianz responded to say, in summary, that:

- it didn't agree it was reasonable to deduct only half the cost of the repairs needed;
- the engine on the damaged van didn't work because of a timing chain slipping. This was due to poor maintenance, not damage due to the attempted theft; and
- Company A had fabricated its own repair to the gate. It hadn't had a further repair carried out. So it didn't agree any increase over £250 should be paid.

B responded on behalf of Company A to say, in summary, that:

- Company A had, in fact done all the work needed to the stolen van. It had produced such evidence as it had to Allianz to substantiate this. So it didn't think there was any damage to this van before it was stolen which would justify any deduction;
- Allianz's engineer first suggested that the reason the engine of the damaged van wouldn't start was because of a timing chain fault. So Company A paid for this to be changed, but this didn't cure the fault. So B said Allianz should pay for this work, as well as the further work needed to resolve all the issues for which an estimate of £1,459.75 had been obtained; and
- Company A initially did a temporary repair to the gate itself. It had now had a full repair carried out in accordance with the original estimate. It produced an invoice for £420 dated July 2017 for this.

### **my provisional findings**

I issued my provisional view to Company A and to Allianz on 18 April 2018. In it I said that I would deal with the three aspects of the claim in the same order as set out above.

1. *for the stolen van* – for the reasons the investigator had set out, I thought Allianz's valuation of £3,425 for this van wasn't unfair. The remaining issue was whether a deduction should be made for any work on the van which was needed before it could be sold.  
Allianz said the records for this van showed it was bought at auction with a smoking engine. Its engineer assessed this would have cost £425 to rectify, and this amount should be deducted from the payment for this van. Company A said the work was carried out shortly after it bought the van. There was an invoice for this work dated shortly after the purchase among this vehicle's documents, although it acknowledged

that it didn't carry the van's registration number. So it should be accepted that the van had been repaired and no deduction should be made.

I thought the onus was on Allianz to show that a deduction should be made. On balance I didn't think it had done enough to establish that any deduction should be made.

2. *for the damaged van* – Allianz remained unconvinced that any damage to this van was as a result of the attempted theft. Company A said it was working beforehand, and an attempt to jump start the van during the theft caused damage. It said replacing the timing chain, as suggested by Allianz's engineer didn't cure the fault. But replacing the injectors did. So Allianz should pay for all the repairs. Like the investigator, I didn't think Allianz had done enough to show that the van wasn't damaged in the attempted theft. Replacing the timing chain might or might not have been needed; but it didn't get the van going again. So I wasn't persuaded that Allianz should have to pay for this. However I agreed that it should pay for the remaining repairs which had now been carried out at a cost of £1,459.75.
3. *for the damage to the gate lock* – Company A carried out a temporary repair, for which Allianz allowed it £250 in settling the claim. It said it had now had a permanent repair carried out by a third party at a cost of £420, for which it had produced a receipted invoice. Allianz said it didn't accept that a permanent repair had been carried out. On the basis of the third party's paid invoice, which I had seen, I accepted that, on balance, this work had been done. I didn't think it would be reasonable for Allianz to have to pay both invoices. However I thought it should pay a further £170 (£420 less £250) to Company A.

For the reasons I'd explained, I said that subject to any further comments and evidence I received from either Company A or from Allianz by 2 May 2018, I intended to order Allianz Insurance Plc to pay Company A, subject to the policy excess of £350:

- £3,425 in respect of the stolen van, so far as not already paid;
- £1,459.75 in respect of the damaged van; and
- a further £170 in respect of the gate.

Allianz responded to say, in summary, that:

- it didn't think there was enough evidence to show the stolen van had been repaired;
- Company A had failed to show that the damage to the damaged van was as a result of the attempted theft, contrary to what its engineer had reported; and
- the offer of £250 for the damage to the gate lock was made in full settlement. It wasn't told this was a temporary repair, and it hadn't seen the invoice for the latest repair.

Company A said it would accept my provisional decision to bring its claim to a conclusion. However it pointed out that the policy excess had already been deducted from the money already paid to it.

### **my findings**

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

As neither Allianz nor Company A has provided any fresh information or evidence in response to my provisional decision, I find no reason to depart from my earlier conclusions.

**my final decision**

My decision is that I order Allianz Insurance Plc to pay Company A, subject to the policy excess of £350, but so that this isn't deducted more than once:

- £3,425 in respect of the stolen van, so far as not already paid;
- £1,459.75 in respect of the damaged van; and
- a further £170 in respect of the gate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Company A to accept or reject my decision before 11 June 2018.

Lennox Towers  
**ombudsman**