

complaint

Miss K complains about the handling of her claim against her motor insurance policy with Advantage Insurance Company Limited following the theft of her car. She also complains that it renewed her policy and collected monthly premiums.

Advantage instructs Hastings Insurance Services Limited to handle claims and IGO4 to arrange and administer the policy.

background

I attach a copy of my provisional decision in which I set out why I planned to uphold Miss K's complaint. I said Miss K couldn't send Advantage the registration document (V5C) in support of her claim, as the police didn't release that document to her until July 2016. By the time Miss K applied for a duplicate V5C, Advantage had sold her car without giving her proper notice, so she couldn't get a replacement V5C.

I thought it was fair for Advantage to settle Miss K's claim in accordance with her policy, subject to any excess due under the policy, less the amount it's already paid her from the salvage proceeds. I said Advantage should also pay interest from the date of Miss K's loss and that it shouldn't deduct recovery and storage costs from her claim. I said it should also pay additional compensation of £200, as there'd been substantial delay in dealing with Miss K's claim.

responses to my provisional decision

Miss K accepted my provisional decision but Advantage didn't. It said:

- During early discussions with the claim validation team in mid April 2015, Miss K was aware that she could get a copy of the V5C from the DVLA.
- It may have sent some letters, including letters about the recovery and storage costs, to Miss K's old address. But the claims team tried to contact Miss K by phone, especially during the latter part of May 2015 and left messages about the recovery and storage charges.
- It e-mailed Miss K at the end of May 2015 and said if it didn't receive documents, including the V5C, within seven days, she may be liable for charges.
- Although it's not usual practice to deduct recovery and storage charges, here Miss K was aware those charges could be deducted in the absence of the documents it asked her to provide.
- It didn't agree to pay Miss K interest or the additional compensation of £200. It also maintains that Miss K is responsible for the recovery and storage costs.

my findings

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

I agree that, before Advantage sold Miss K's car, she could've got a replacement V5C from the DVLA. But I don't think it would be reasonable or fair to say that, as Miss K didn't do that, she's responsible for the delay here. Miss K wasn't able to get a replacement when she tried to do so, as Advantage had already sold her car.

I don't think Miss K acted unreasonably, such that she should bear the costs of recovery and storage of her car. Advantage accepts that it sent letters about the recovery and storage charges to Miss K's old address, so she wouldn't have received them. I note the e-mail and phone messages about the recover and storage charges. There was general confusion in this case and an impasse about the documentation. It's not usual for insurers to deduct recovery and storage costs from settlement and there's no compelling reason why Advantage should do so here.

my final decision

For the reasons I set out in my provisional decision and above, I uphold this complaint. I now require Advantage Insurance Company Limited to;

1. deal with Miss K's claim in accordance with the terms of her policy, less the excess due under her policy and the £334.20 it has already paid from the salvage proceeds;
2. pay interest on the amount due to Miss K under 1. above at the simple rate of 8% per year from the date of the theft, to the date it makes the payment;
3. pay Miss K compensation of £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 3 April 2017.

Louise Povey
ombudsman

copy provisional decision

complaint

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background

In March 2015, thieves stole Miss K's car. She made a claim against her motor policy. The police recovered her car soon after it was stolen. I understand it had been in a collision whilst stolen. The car was a total loss.

In May 2015, Advantage renewed Miss K's policy and continued to collect monthly instalments.

In August 2015, Advantage sold the car. It acknowledges that it did so without telling Miss K. Miss K found out about that when she contacted the DVLA to get a replacement logbook (V5C). The DVLA told her she wasn't the registered owner of the car, so it couldn't give her a V5C.

The police had Miss K's V5C and kept it until after the trial of the thieves. The police made the V5C available for Miss K's collection in July 2016.

Advantage paid Miss K £500 compensation for selling her car without proper notification to her. It also paid £30 compensation for the number of phone calls she made and £334.20, which is the salvage amount, less the recovery and storage fees. Advantage said it couldn't proceed with the claim without the V5C, which Miss K couldn't provide.

The adjudicator thought Advantage should pay Miss K;

- the agreed market value of her car, without deduction of the storage and recovery costs;
- interest from the date it sold her car;
- a refund of the premium it collected on renewal of the policy in May 2015;
- interest on the refunded premium;
- £200 compensation in relation to Miss K's inconvenience.

Advantage didn't agree with the adjudicator's view. It said Miss K didn't provide the correct documentation to show she was the registered keeper of the car, so it couldn't settle the claim. It said it was entitled to collect the outstanding premiums for the remainder of the policy. It offered to issue payment of the pre accident value of Miss K's car, less the excess due under the policy when Miss K sends the V5C. It didn't agree to pay interest.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I don't think Advantage acted fairly in delaying settlement of Miss K's claim. I'll now explain why.

The V5C was in the car when it was stolen. I can see from the system notes that in mid April 2015, Miss K told Advantage that all the relevant documents were in the car. The police kept the V5C until after the criminal trial and made it available for Miss K to collect in July 2016. I've seen an e-mail from the police to Miss K in July 2016 that says she can collect the documents now the trial is over. So, Miss K couldn't send the V5C to Advantage in support of her claim.

Miss K could've applied for a duplicate registration document from the DVLA but, by the time she did that, Advantage had sold Miss K's car without giving her proper notice. So, she couldn't get a replacement V5C.

There's no dispute that Miss K was the owner of the car. I assume that Advantage was satisfied about that when it decided to sell her car.

I think a fair resolution here is for Advantage to settle Miss K's claim in accordance with the terms of her policy, subject to any excess due under the policy and less the amount it's already paid her from the salvage proceeds.

I think Advantage should also pay interest from the date of Miss K's loss, that is, the date of the theft. That's in accordance with our usual approach where an individual has been kept out of the use of her money for a considerable time.

I don't think it's fair for Advantage to deduct recovery and storage costs from Miss K's claim. It's not usual practice to deduct recovery costs from the settlement and I see no reason why Miss K should bear those costs here. I can see from the system notes that on 8 April 2015, Advantage told Miss K that her car needed to be removed from storage the following Saturday. It's not clear to me why Advantage couldn't decide quite quickly in this case whether Miss K's car was a total loss. So, I see no reason why Miss K should pay the storage costs.

Advantage is right to say that it can collect Miss K's monthly premium for the remainder of the policy term, up to renewal. I understand that it's accepted that Miss K's policy was renewed in May 2015 in error and that she's now received a refund of premiums and interest. So, I don't need to comment on that part of the complaint further.

There's been substantial delay in dealing with Miss K's claim. I agree with the adjudicator that fair compensation for that is £200. The award is in addition to the compensation of £530 Advantage has already paid.

my provisional decision

I intend to uphold this complaint and direct Advantage Insurance Company Limited to;

1. deal with Miss K's claim in accordance with the terms of her policy, less the excess due under her policy and the £334.20 it has already paid from the salvage proceeds;
2. pay interest on the amount due to Miss K under 1. above at the simple rate of 8% per year from the date of the theft, to the date it makes the payment;
3. pay Miss K compensation of £200.

Louise Povey
ombudsman