

complaint

Mr M, on behalf of Business 'S' has complained about the way The Society of Lloyd's has dealt with a claim S made under a commercial vehicle policy. Mrs M is assisting Mr M with the complaint.

background

S made a claim to their insurer, Lloyd's following fire damage to a car. Lloyd's initially offered a settlement value for the car as it wasn't economical to repair it. S thought this was too low. In the meantime Lloyd's and the broker who sold the policy asked S to provide documents to prove ownership of the car. This included proof of purchase and the V5 document.

S provided proof of purchase which showed Mr M's son bought the car in question in 2011 in his own name. The finance for the car was also in his son's name. Mr M said his son made a mistake as he should have bought and financed the car in the business's name. But the car remained in Mr M's son's name until October 2013. The V5 was then updated to show S as the registered owner and keeper of the car. The car was fire damaged in April 2014.

S sent Lloyd's company bank statements to show S was paying for the finance for the car instead of Mr M's son. But the statements didn't show the repayment was for this car, or when the repayments started under S's account. So Lloyd's asked for proof of this and permission to discuss the finance arrangement with the finance provider. S didn't give permission. So Lloyd's declined the claim. It said it would reconsider the claim when it received further information from S.

S complained to Lloyd's as they thought it had provided enough information for it to settle the claim. But it didn't uphold their complaint. So S asked us to look at their complaint.

The adjudicator who investigated it thought Lloyd's had reasonably asked for further information to consider the claim. It was entitled to do this as the onus was on S to prove the claim should be met. So the adjudicator didn't make any recommendations. He said it was for S to decide if they want to assist Lloyd's with its investigation into the claim.

S doesn't agree and provided copies of the bank statements it sent to Lloyd's.

So the matter has been passed to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I don't intend to uphold it.

S's motor trade policy is designed to cover vehicles that aren't for personal use. So it has exclusions which Lloyd's has applied based on the information it has. S's policy excludes cover for;

"any motor vehicle privately owned by You or any of Your directors partners or Employees or relative of Yours or hired to them under a hire purchase agreement".

Lloyd's is entitled to make reasonable enquiries in order to investigate any claim under the policy. From the information I've seen, I don't think it's being unreasonable in asking for more proof. S says it no longer has the original finance agreement Mr M's son made with the finance company in 2011. But the bank statements don't identify the car – and are dated from after the car was fire damaged. So they simply show a monthly payment to the finance company.

I don't think the bank statements are enough to show S has – or had - a finance repayment for the car being claimed for. And if the car was - or is - subject to finance repayments, Lloyd's would need either a redemption settlement or proof it had been paid in full before it paid a settlement to S from the finance company. So I think it's reasonable for Lloyd's to want to discuss the finance arrangement for the car with the finance company. And I'm sure they will have a copy of the original agreement with Mr M's son.

In this case, the V5 document isn't proof the car was owned by S. The document itself says it isn't proof of ownership.

Mr M told Lloyd's his son didn't use the car being claimed for, for personal use - because he had a separate car for that. But when he gave the registration details of that car to Lloyd's, it found that car was also listed under S's motor trade policy.

Lloyd's has declined the claim – but it's willing to reconsider the claim if it receives persuasive proof. It's up to S to allow Lloyd's investigation to continue. This doesn't mean the outcome will change. But as it stands, I think Lloyd's has been fair and reasonable and explained what it needs in order to reconsider S's claim.

my final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 7 November 2016.

Geraldine Newbold
ombudsman