

complaint

Mr S has complained on behalf of company S about the way Covea Insurance plc dealt with a claim he made on S's motor trade insurance policy after one of its vehicles was damaged.

background

Mr S took out a motor trade policy through a broker. In July 2018 the car was damaged while it was parked in a car park. Mr S reported this, presumably, to his broker who arranged for an accident management company to deal with the claim. The accident management company told Covea it was dealing with the claim on the same day but a few weeks later it told Mr S it wouldn't continue to do so. So he'd have to make a claim through Covea.

Covea asked Mr S for some documentation in order to validate the claim and then arranged for the car to be inspected by an engineer. The car was then declared a total loss. Covea offered Mr S £700 for the pre-accident value of the car and deducted the £250 excess from that amount. Covea told Mr S the offer was low because the car was a previous total loss.

Mr S didn't accept Covea's offer and said he didn't know that car was previously a total loss. Covea then said it had made a mistake about this and increased its offer to £1000 less the £250 excess.

Mr S still didn't agree. He said the car had cost him more than what Covea had offered. He also said he was losing earnings which he wanted Covea to compensate him for. He said he had bought the car using a credit card with a view to selling it shortly thereafter. He said he is now having to pay interest on the credit card which he wouldn't have had to do had he sold the car. But he accepted the £750 as an interim payment.

The car was taken to Covea's salvage agents as Mr S initially said he wasn't going to keep the salvage. But he later changed his mind. Covea returned the car to him and agreed not to deduct the value of the salvage, which is what it would normally do.

Mr S was unhappy with Covea's handling of the claim and complained to us. In addition to his complaint about the valuation he also said that the policy had been mis-sold to him and also that some of the documents were lost while the car was at Covea's salvage agents. He said these included the V5C (registration document) and the service history. He also said the number plate was missing.

Covea denied that its agents lost these items but offered to consider the cost of replacing these if Mr S provided evidence in support of this claim. Mr S didn't think this was enough and said the loss of the service history affected the resale price of the car. And he also wanted Covea to pay for his loss of earnings which he valued at £2,145.

Our investigator thought Covea's total loss offer was fair. And she also thought the offer in relation to getting replacement documents was fair. She said the policy didn't cover loss of earnings so she didn't ask Covea to compensate Mr S for these. Mr S said the policy had been mis-sold to him because he wanted a policy that would cover loss of earnings. Our investigator explained this wasn't something she could look at as part of this complaint as Covea hadn't sold the policy.

Mr S didn't agree and asked for an ombudsman's decision.

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've decided not to uphold it.

As our investigator correctly said, Covea didn't sell this policy so I can't consider Mr S's mis-sale complaint as part of this complaint.

The policy says that if the vehicle is declared a total loss, the most Covea will pay is the trade market value. This is subject to the policy excess, which in this case is £250. The trade market value is defined as the price the insured would pay to replace the vehicle with the intention of selling it later for a profit. The policy says the replacement vehicle must be of a similar make, model, year, mileage and condition.

Our approach when it comes to determining whether an insurer has offered a fair valuation is to look at the industry motor guides. These guides are based on nationwide research of likely selling prices. Based on the guides, the £1,000 Covea offered was fair- in fact it appears to be higher than the values provided by the guides.

Mr S complained that Covea marked the car as a total loss before it was inspected and this resulted in it initially offering him £700 for it; because it believed the car was a previous total loss. Covea agrees it made a mistake when it said the car was previously a total loss. I see it increased its offer to £1,000 on the same day and I think this is fair. So I don't think Mr S suffered as a result of this error. As I said above the valuation of £1,000 seems fair and is based on the car not being a previous total loss.

Where a consumer wants to keep the salvage, the insurer is entitled to deduct its value from the total loss payment. This is because the car belongs to the insurer once the total loss has been paid. In this case Covea agreed to give the car back to Mr S without deducting the salvage. I think this was more than fair from Covea .

Mr S said he did some repairs to the car before it was involved in the accident and wants to be compensated for this loss. Mr S's policy wouldn't cover these expenses in these circumstances; as the car is a total loss. But, my understanding is that, the condition of the car would've been taken into consideration when it was inspected. For example a car that was in an average pre-accident condition would attract a lower market valuation than a car that was in a good condition. So even though Covea doesn't have to pay for the pre-accident repairs I think it's reasonable to assume that the work that was undertaken would've affected the pre-accident value of the car and therefore Covea's total loss offer.

Mr S said he bought the car at auction with a view to selling it for a profit. He said the fact that the car was damaged meant that he couldn't sell and had to pay interest on the credit card he bought it with- which would've been paid off had he sold the car without delay. Mr S's policy doesn't cover loss of earnings so I won't ask Covea to compensate him for this though I appreciate that he has found himself in a very unfortunate situation; especially as he is not to blame for the damage to the car. Mr S said he wanted a policy that would cover loss of earnings but this is something he will have to speak to his broker about.

Mr S said Covea's salvage agent lost his documents and number plate. The salvage agent told Covea that it looked at photos of the car when it was delivered to it and the number plate was missing then. Covea also said it didn't ask Mr S to put any of the documents in the car

in any event but it has offered to consider the cost of replacing the documents and the number plate.

I've listened to a number of calls between Mr S and Covea as well as calls between Covea and the broker and Covea and the salvage agent. I see Covea asked Mr S for documents to validate the policy and these included the V5C and also proof of trading. I understand Mr S had provided some of these to the broker already but in any event provided them to Covea around the end of July 2018. This was before the car was collected by the salvage agent and Covea told Mr S it didn't need any further documents from him. So I can't see that Covea asked for any further documents at any other point. I note Mr S says he was asked to put the documents in the car but I can't see that this is something Covea asked him to do. I appreciate Mr S says the service history will be hard to replace but as I don't think Covea asked him to provide this at any point I won't ask it to compensate him for its loss. So overall I think Covea's offer in relation to this part of the claim is fair.

I appreciate Mr S was frustrated by the delay in getting his claim resolved. As I said above, an accident management company, which is separate to Covea, was dealing with the claim initially. From what I can see, the accident management company was dealing with the claim between 4 July 2018 and 19 July 2018. And my understanding is that Covea didn't know the accident management company had stopped dealing with the claim until Mr S rang to claim on his policy on 19 July 2018. I appreciate the role of the two companies may not have been explained very well to Mr S and this may have added to his frustration. But as the accident management company is separate to Covea I can't hold Covea responsible for this delay.

my final decision

For the reasons above I'm not upholding this complaint other than to say that the payments and offers Covea Insurance plc already made to Mr S and company S are fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S, on behalf of company S, to accept or reject my decision before 18 March 2019.

Anastasia Serdari
ombudsman