

## complaint

Mr B has complained about Tradewise Insurance Company Limited's handling of his motor trade insurance policy.

Reference to Tradewise includes their agents.

## background

On 10 September 2018, Mr B took out a fully comprehensive motor trade policy with Tradewise. The day he took out the policy he asked for his recovery truck to be covered. During the sales call the sales advisor asked Mr B: "is it registered as a recovery vehicle?" to which Mr B replied "yes, it is". The sales advisor then said "so you will get the full policy cover for that". The sales advisor then went on to say "if there is a recovery vehicle that you do have and it isn't registered as a recovery vehicle then it's third party only until it is." Mr B was also asked if any of the vehicles on the policy were modified or customised. He said they weren't.

On 26 October 2018, Mr B's recovery truck was damaged in an accident, so he claimed on his policy. Tradewise asked Mr B to send them his V5 (log book). Tradewise then discovered that the recovery truck was registered as a standard van on the V5 and not as a recovery truck. Tradewise said that also meant the vehicle had been modified from a normal van into a recovery truck. Tradewise revoked the fully comprehensive cover from the recovery truck and substituted it with third party only cover. As a result, Mr B's claim for damage wasn't processed. Mr B complained, but Tradewise didn't uphold it.

Mr B didn't think that was fair so he brought his complaint to us. One of our adjudicators looked into the complaint. She felt that Tradewise hadn't done anything wrong. As Mr B didn't agree with our adjudicator, the complaint was passed to me to decide.

My provisional decision was issued on 3 June 2019. I said:

*"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'm intending to uphold this complaint. I'll explain why*

*the recovery truck not being registered*

*The question the sales advisor asked Mr B was "is it registered as a recovery vehicle?" I think the question could have been clearer. The question could have been: "is it registered on the V5 (or log book) as a recovery vehicle?" I think the question asked as it was could have led to confusion in that Mr B may have thought he was being asked if the vehicle was registered with his business as a recovery truck.*

*I understand Mr B took out the policy shortly after he bought the recovery truck. He told us that on buying it he completed his section of the V5, but the document was kept by the seller who sent it in to be processed by the DVLA. As a result, Mr B said he didn't see how the vehicle was registered on the V5.*

*Mr B bought the recovery truck as it was, as a recovery truck. He didn't buy it new as a standard van nor did he modify it himself. His belief was that it wasn't modified but*

*it was manufactured as a recovery truck. Given his belief, I can understand why he might have thought it was registered as a recovery truck on the V5. That's because when a new vehicle is registered for the first time, its type and specifications are recorded on the V5. So if Mr B's belief was that the vehicle was manufactured as a recovery truck, and as it was a recovery truck when he bought it, I think his reasonable held belief would have been that it was registered as a recovery truck.*

*Finally, the Statement of Fact (SOF) document that was sent to Mr B said at the top of it "Here is the information you have supplied". But that document made no mention of the discussion regarding the vehicle being registered as a recovery truck, or that if it wasn't the policy would revert from fully comprehensive to [third party only]. The purpose of a SOF document is to highlight to the policyholder the important information they have given to the insurer which has been used to set the premium and the terms of the policy. And it warns that if any of the information is incorrect, there could be consequences such as a claim being declined or the policy being cancelled. It also urges the policyholder to immediately correct any inaccuracies. Given the information about the recovery truck's registration was crucial, I think it should have been contained in the SOF, but it wasn't.*

*For completeness, it's worthy of note that after Mr B was told by Tradewise that the vehicle wasn't registered as a recovery truck on the V5, he had the V5 amended. He sent a copy of the V5 to Tradewise showing the vehicle registered as a recovery truck. On receiving that, Tradewise have confirmed that "subject to the vehicle being in a roadworthy condition and all other terms and conditions, full cover will be provided."*

#### *modifications to the vehicle*

*The second issue Tradewise had with the vehicle was that it had been modified. During the sales call when the sales advisor asked Mr B if it had been modified he said it hadn't. That information was also contained in the SOF which Mr B didn't correct. Mr B has told us that the vehicle hadn't been modified. I think he said that because he had an honest held belief that the vehicle was manufactured as a recovery truck, so I'm not surprised that he told Tradewise the vehicle hadn't been modified. As I've said earlier, he didn't buy it new and he didn't have it modified himself, so I can understand why he felt the vehicle had always been a recovery truck, as opposed to a standard van that was later changed into a recovery truck.*

*I think if Mr B knew or suspected the vehicle was modified he would have told Tradewise rather than put himself and his business at risk, or risk losing the large premium he paid for the policy. I don't think Mr B could be expected to give information that he didn't know or suspect. I therefore intend to uphold this complaint.*

*After finding out the vehicle was not registered on the V5 as a recovery truck and that it had been modified, Tradewise revoked the fully comprehensive cover from the vehicle and they didn't process Mr B's claim for damage. Mr B has since rectified the first issue by having the V5 changed to show the vehicle is now registered as a recovery truck. But the issue with the vehicle being modified remains and cannot be rectified. And as far as I'm aware the policy is still valid until September 2019. Tradewise have said that if the vehicle is repaired and becomes roadworthy, and provided all the other terms and conditions are met, that they would continue to cover the recovery truck, but only on a [third party] basis.*

*What I intend to require Tradewise to do is to process Mr B's claim for the October 2018 accident under the terms of the policy on the basis that he had fully comprehensive cover. I also intend to require Tradewise to continue to cover the recovery truck on a fully comprehensive basis for the remainder of the policy term."*

The parties were invited to comment on my findings. Mr B agreed with my provisional findings. Tradewise said:

- Mr B is in the motor trade and the policy is a commercial one, if he was unsure about what the sales advisor meant, it was his responsibility to ask for clarification. Mr B did have a copy of the V5 before the incident happened and so the information was there for him to query.
- Although the Statement of Fact document didn't say that a vehicle not registered as a recovery truck would only be covered by third part insurance, the sales advisor did tell Mr B that during the call. The Statement of Fact did say that a modified vehicle would only be covered third party.

### **my findings**

I've again considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, my findings remain the same. But I would like to respond to the additional comments as follows:

For the reasons given above, I think Mr B held a genuine belief that the recovery truck wasn't modified, but was manufactured as a recovery truck, which is why he said it wasn't modified. And because of that belief, if he understood the sales advisor's question to be a reference to the status of the vehicle on the V5 log book, I can understand why he said it was registered as a recovery truck. But I do think the sales advisor's question could have been clearer.

### **my final decision**

For the reasons set out above, I uphold this complaint and require Tradewise Insurance Company Limited to process Mr B's claim for the October 2018 accident under the terms of the policy on the basis that he had fully comprehensive cover. And to continue cover on the recovery truck on a fully comprehensive basis.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 July 2019.

Mehmet Osman  
**ombudsman**