

complaint

Mr P, the owner of Garage P had a motor trade insurance policy with UK Insurance Limited ("UKI"). Mr P says UKI wrongly declined a claim he made following a fire.

background

Mr P said a spark had caused the fire when it ignited some fuel. UKI investigated the claim, which had caused a great deal of damage. Mr P said it declined the claim because it found that more than 20 litres of fuel was stored on the premises at the time of the fire.

Our adjudicator didn't uphold the complaint. He noted UKI didn't reject the claim on that basis. It pointed to terms in the policy that it said had been breached. Fuel had been kept in unsuitable, open containers, so a spark was able to ignite it.

Mr P said the containers in question had lids and were closed at the time of the fire. He asked for a review of the complaint by an ombudsman.

my findings

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

UKI provided us with the information gathered by its investigators. They were told by one of the garage's employees that he'd moved contaminated fuel (a mix of petrol and diesel) in a 25 litre container. He said the lid was open. He also said he threw an exhaust pipe onto a pile of others. He said as it landed heard a 'pop' and saw the fuel in the container he was holding was on fire. He dropped it and the burning fuel spread.

UKI's policy terms say that motor spirit with a 'flash point' (*giving off vapour*) at less than 23 degrees centigrade must be stored in small, *closed* containers. UKI says in this case the fuel was being carried in a large, open container. It says the fuel must have had a flash point below 23 degrees, because fumes from it ignited with a spark from the exhaust in the open air. The policy requires all reasonable steps to be taken to prevent damage. UKI had concerns about how fuel was stored at the garage in general, but its decision focused on what happened on the day. UKI concluded that there were clear breaches of the policy.

Mr P wasn't present when the fire started. He had to rely on what he was told by his employees. Mr P initially told UKI's investigators he'd been told the container was open. The employee who was carrying the fuel and the exhaust pipe told the investigators the same thing. It seems that the employee has recently given Mr P a different version of events. He now says the container was closed. Mr P's added that it would make no sense to carry around a fuel container without a closed lid, because spillages could occur.

I think UKI carried out a full investigation. Given all the evidence it gathered, I think it was reasonable for it to decline the claim. It seems far more likely than not that fuel was being kept and carried in an open container when the fire started. That in itself breaches the terms of the policy. It seems likely the fuel ignited because a spark was generated by a piece of metal being thrown by Mr P's employee close to the open container. I think it was fair for UKI to conclude that reasonable precautions to prevent or minimise damage weren't taken.

In the circumstances I can't see any basis on which I can uphold this complaint.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P on behalf of Garage P to accept or reject my decision before 9 November 2015.

Susan Ewins
ombudsman