

complaint

Mr K has complained about Calpe Insurance Company Limited's decision to settle a third party claim under his car insurance policy. Calpe is looking to recover the costs it paid the third party from Mr K directly.

Calpe is the lead insurer in this case.

background

Mr K bought a car insurance policy with Calpe. In August 2017 he said he went to a nightclub and left his keys with a valet at the club. Mr K said he asked the valet if he was insured and he told him he was. Mr K said he later drove his car home and wasn't aware of any incident until he noticed some minor damage to the rear of his car a couple of days later.

Calpe received a claim from a third party two days after the incident. After investigating the claim, Calpe settled it on the best terms possible under the Road Traffic Act. But it said it would recover the costs of the claim from Mr K because he'd breached the terms of his policy. This was because Mr K gave his keys to somebody who wasn't insured to drive his car.

Our investigator thought Calpe had acted reasonably. But he thought Calpe should agree a reasonable repayment plan with Mr K for the costs he owed it.

Mr K didn't agree. So the case 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.

Mr K's policy says;

'The Company (Calpe) shall not be liable in respect of any claim arising while Your Car is being used or driven:

(e) By any person not described on the Certificate of Motor Insurance and/or Schedule as entitled to drive or in charge of the car.'

Mr K said when he drove to the nightclub, he gave his keys to a valet. He explained that the security staff also operates as a car parking team. Mr K said it's difficult to find parking in the area and there are restrictions in front of the club.

Calpe contacted the club. A representative for the club denied that its staff drove the cars. Instead he said they would display the keys to any potential traffic wardens to indicate that the owner of the car was about to drive away.

Mr K said that when he went to collect his car early on the morning of 6 August 2017, he didn't notice the car had been moved, nor did he notice any damage to it. The staff also didn't say anything to Mr K when he collected his keys from them.

I understand Mr K feels Calpe's decision is unfair. But Calpe has shown that it received evidence of damage and injury to a third party following an incident involving Mr K's car. So I think its decision not to cover the claim under Mr K's policy was fair and reasonable. And it negotiated the costs of the third party claim down in order to settle the claim on the best terms possible.

Because Mr K said he gave the keys to somebody who wasn't insured under the policy to drive his car – and the name of the person the third party gave was the same name as the valet, I think Calpe acted reasonably in dealing with the third party claim under the terms of the Road Traffic Act. This means that Calpe is entitled to recover the third party costs from Mr K.

I know Mr K will be disappointed. But overall I think Calpe properly investigated the claim and reached its decision reasonably. And it has a very common term which allows Calpe to defend or settle a claim even if Mr K doesn't agree with it. I think Calpe has applied this term in a fair and reasonable way.

However, I agree with the investigator that I think Calpe should offer a reasonable repayment plan to Mr K rather than expect him to pay for the claim costs in a lump sum.

my final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint – other than to require that Calpe arrange a reasonable repayment plan with Mr K to recover the costs of the third party claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 25 August 2019

Geraldine Newbold
ombudsman