complaint

Mr F has complained about Arthur J. Gallagher (UK) Ltd (AJG). He isn't happy that a claim under his motor insurance was turned down.

background

Mr F insured a bus, that he used for private hire, through AJG. He says that he disclosed all relevant detail about the use of the bus at the time of application.

However, when he made a claim under his policy the insurer turned down the claim.
This was because it said that it didn't know what the bus was used for. Had it of known it wouldn't have insured Mr F so it declined the claim.

Mr F complained to AJG and then this service. He said that he had always told AJG what the bus was used for and our adjudicator upheld his complaint. He asked AJG to act as the insurer and deal with the claim, pay £200 compensation for the trouble and upset caused and to consider Mr F's loss of earnings.

AJG agreed it was at fault for not gaining the correct information and passing the information it had onto the insurer and eventually agreed to pay the claim, to pay £200 compensation to consider Mr F's loss of earnings.

Mr F agreed with most of what was agreed but wanted AJG to agree the valuation of the bus and his loss of earnings now.

As an agreement couldn't be reached the matter has been passed to me for a final 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.

Although this has been a difficult and drawn out complaint it has been simplified by the fact that AJG now accept it was at fault. It failed to gain the correct information from Mr F or to tell the insurer all the information it had about Mr F's business. In effect Mr F hasn't done anything wrong and answered all the questions AJG posed correctly.

So, Mr F's claim for his severely damaged bus should have been met in full and AJG has agreed to cover the claim as if it was the insurer in acknowledgement of its errors.
There doesn't appear to be any disagreement between AJG and Mr F about the period of insurance cover. I note that Mr F did accept the trouble and upset compensation offered but has now changed his mind. So I will consider this issue further below.

In relation to the valuation AJG eventually offered £20,000 as an ex-gratia payment.
But Mr F believes that the bus is worth £35,000 and so AJG has agreed to look at the market value of the bus. I think it is only fair that AJG is allowed to value Mr F's bus now. But I would expect it to act expeditiously given the delay that has already occurred and pay 8% simple interest from the date of claim to the date of settlement in line with our usual approach.

Similarly, AJG should be allowed time to consider Mr F’s loss of earnings. I also agree that it should be allowed to deduct the period of time that Mr F’s bus would have been off the road. Again, I would expect it to act quickly in finalising this position.

Finally, I agree that Mr F has had to endure a fair degree of inconvenience in advancing his claim and complaint. I think the majority of his financial concerns should be covered by AJG when it considers his loss of earnings. However, I think that £300, as opposed to £200, is a fairer reflection of the stress and inconvenience caused.

my final decision

It follows, for the reasons given above, that I uphold Mr F’s complaint. I require Arthur J. Gallagher (UK) Ltd to:

- to put Mr F back into the position he ought to have been but for its error and pay Mr F’s claim;
- pay £300 compensation; and
- consider his loss of earnings caused by the failure to settle the claim.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr F to accept or reject my decision before 15 February 2016.

Colin Keegan
ombudsman