

The complaint

Mr S complains that U K Insurance Limited (UKI) declined his claim and provided a poor standard of service following damage caused to his van, under his commercial motor insurance policy.

What happened

In February 2023 Mr S says he drove through some flood water. His van's engine cut out and couldn't be restarted. Mr S made a claim to UKI. Since then, he says he's experienced delays, poor communication and his claim has been declined unfairly.

Mr S says UKI failed to properly inspect his van's engine to understand what had happened. It declined his claim saying its engineers found no evidence of water damage. He says the business refers to an unknown mechanical failure as the cause of the problem. It told him that mechanical failure and damage resulting from driving through deep water isn't covered by his policy.

In its final complaint response dated 17 April 2023 UKI acknowledged it had been difficult for Mr S to contact its claim handlers. It says call backs weren't completed and the claim has been negatively impacted by a lack of contact and clarity. It says its claims department will continue to deal with the matter and it offered Mr S £300 as a gesture of goodwill.

Mr S didn't think he'd been treated fairly and referred the matter to our service. Our investigator didn't uphold his complaint. She says the standard of service provided by UKI was poor, but it had offered fair compensation. Mr S didn't agree and queried why the declined claim and costs he'd incurred hiring a replacement van hadn't been considered.

Our investigator contacted UKI. It was agreed that these issues should be considered as part of this complaint. UKI hasn't provided a final response relating to these complaint issues. But it refers to its repudiation letter dated 15 June 2023 declining Mr S's claim for the reasons mentioned above.

Our investigator maintained her decision not to uphold Mr S's complaint. She thought UKI had acted fairly when declining his claim for the reasons it had given.

Mr S didn't agree with this outcome and asked for the matter to be considered by an ombudsman.

It has been passed to me to decide.

What I've decided – and why

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 not upholding Mr S's complaint. I understand this will be disappointing for him. But I'll explain why I think my decision is fair.

declined claim

I've read the engineer reports. The first is dated 2 March 2023. The report explains this was an inspection based on photos taken of Mr S's van. The report says:

"Images suggest there has been no water ingress through the air filter box, the air filter box and air filter are dry, showing no signs of damp or water... In our opinion the issues with the van could be mechanical failure, however we would suggest a physical inspection to carry out further diagnosis and investigation."

The next report dated 8 March 2023 involved a physical inspection. The report says:

"There is no evidence of flood damage...The engine does not start due to no power in battery...The air filter and intake pipes appear all dry and normal...The oil appears normal...The expansion bottle and water level appears normal...There is no silt line visible in the engine bay or door steps...There is evidence of oil around the bottom of the engine...I would recommend the vehicle is taken to an engine specialist to establish if there is a mechanical failure and the cause."

The final report is an expert witness report dated 22 May 2023 following an inspection that took place on 12 May. The report says:

"The air intake is at a height of approximately 950 millimetres from the ground, therefore I consider it would need to be significantly deep water that the vehicle passed through for it to enter the air intake...On inspection of this vehicle, I found that the engine was in a seized condition, it would not turn over by operating the ignition key, nor could it be moved manually via a socket and bar, directly onto the engine crankshaft...On examination of the vehicle I was unable to find any evidence to suggest that it had travelled through deep flood water...From my examination of the air intake system I was unable to find any evidence that would indicate it had travelled through flood water that had entered the induction system. Neither the engine oil nor the cooling system showed any evidence of contamination...From my examination of this vehicle, I was unable to find any evidence to confirm that the seized engine had been caused by the vehicle travelling through deep flood water."

In its letter dated 15 June 2023 declining Mr S's claim UKI says the claim isn't covered as it was the result of a mechanical fault. It says this is the result of either wear and tear, or because the vehicle was deliberately driven through deep water. In either case it says there is no cover under its policy terms.

Mr S's policy terms and conditions include the following exclusions:

"Wear and tear, deterioration, depreciation, mechanical or electrical breakdown.."

And:

"Loss or damage caused by frost or freezing, or damage due to ingress of water where you have driven through water".

The engineer reports show there was no evidence of water causing damage to the engine. Even if there was evidence, the policy terms exclude damage caused in the way Mr S described. I note Mr S's comments that UKI didn't strip the engine in order to find out what the problem was. But I don't think it was required to. Mr S reported that his engine had seized as a result of driving through flood water. It's for Mr S to prove that he has suffered an insured loss. I think it's reasonable that UKI arranged for engineers to inspect Mr S's van for damage caused when he had driven through flood water. But no damage was found resulting

from an insured cause. Mr S's van was recovered to a garage he appointed for further investigation. But I haven't seen any evidence that shows UKI declined cover unfairly.

In these circumstances I think UKI treated Mr S fairly when relying on its policy terms and declining to cover his claim for the reasons it gave.

claim handling

I've thought about Mr S's comments that he spent a great deal of time in contact with and trying to contact UKI's claim handlers. I think it's clear from the claim records and emails exchanged that the standard of communication between UKI's agents and Mr S was poor.

From the records the first engineer report recommends a physical inspection to carry out further diagnosis. This was followed by a second inspection that recommended the vehicle was taken to an engine specialist. Mr S says it was referred back to him to arrange for an engine specialist to look at the damage, as UKI's engineers weren't able to do this.

A claim record on 14 March 2023 indicates that UKI needs to authorise for the van to be taken to a specialist. The note says the previous engineers, "*do not do this*". The next day a note states the only conclusion left is that the damage is due to a mechanical issue. It says instructions are to be given to van to be returned to Mr S's home address. On 16 March Mr S called UKI. The record says he'd received a call saying the van was being delivered back to him, when he thought it was going to be taken to another garage for further inspection. UKI then gave instructions for the van to be delivered to Mr S's chosen garage.

A further contact from Mr S was logged on 17 March 2023. It says he needed to find another garage. UKI sent an email to Mr S copying in the garage his van was being sent to. This is dated 31 March and says:

"Please note that we will authorise [UKI's agent] to recover the vehicle back to [Mr S's garage]. Should there be found to be flood damage, then we will look to authorise any costs by [Mr S's garage]. If the garage could please provide us a detailed report regarding the engine damage, then we can look to review and determine if we are able to deal with the claim moving forward. Please send detailed report to: [UKI's email address and reference]."

In mid-April Mr S called UKI again. The note says UKI is awaiting diagnostics and only then will it be able to consider the invoices Mr S had provided. The records show he was unhappy with the time taken to deal with his claim and the lack of contact. Mr S asks when his van can be collected from the garage. UKI's agent says this is being chased up.

On 17 April 2023 the claim records say Mr S is awaiting UKI's authorisation to allow the garage to repair his van. The note says UKI hadn't received any estimates. It says the email it had sent to Mr S was, "*authorisation for recovery not repairs*". The note says UKI will contact the garage and ask for the information it needs. The garage agreed to provide estimates in two days. The record says the garage would await authorisation for the repairs and once received it would collect the vehicle from storage.

On 21 April 2023 a call record shows Mr S rang again to chase progress. The agent dealing with this claim was off sick. An internal note refers to the engineers who found no evidence of water damage and that Mr S will need to provide proof of how the damage was caused. The note says this will be at his cost, and UKI would consider any reports he provided.

An internal record dated 4 May 2023 asks why the business is instructing an inspection given its underwriters have confirmed the claim should be repudiated. The inspection by the expert witness engineer then took place on 12 May, although this isn't referenced in the

claim records. A note dated 26 May says Mr S needs to be contacted about the repudiation of his claim. Mr S called on 31 May upset at the lack of progress with his claim. He called again on 8 June. A repudiation letter was finally sent on 15 June.

I think it was reasonable that UKI arranged for engineers to inspect Mr S's van to validate the loss he'd claimed. But it was made clear that no damage had been found to support his claim. The email dated 31 March 2023 says UKI authorises the recovery of the van to Mr S's garage. It also says that whether it is able to deal with the claim moving forward will depend on a further report from the garage.

I think the communication could've been better. It appears at times that UKI's agents were confused as to what was happening with the claim. However, it remains that there has been no evidence to show that it was an insured cause that damaged Mr S's van. Two engineer reports had identified no water damage to support Mr S's claim at an early stage. And UKI had said it would only look to deal with the claim if Mr S's garage provided a report that showed flood damage to the engine. As discussed this was communicated to Mr S in UKI's email dated 31 March 2023.

I acknowledge Mr S's comments that he incurred costs hiring a replacement van. But there's no requirement under his policy for UKI to provide a replacement vehicle in these circumstances. This is because the claim hadn't been accepted and no repairs had been authorised. Two engineers assessed the damage in a little over two weeks from Mr S registering his claim. I think this took place within a reasonable time frame. No evidence of water damage was found to support the claim. It was Mr S's decision to pay for van hire. I understand why he did this, but this isn't something UKI is responsible for.

That said the evidence shows that it was left to Mr S to chase progress. The information provided by UKI's agents was at times unclear and added to Mr S's frustration with the handling of his claim. To acknowledge the frustration and distress it caused him it's appropriate that UKI pays Mr S compensation. But I think the £300 payment it offered is fair in these circumstances, so I won't ask it to pay more.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 February 2024.

Mike Waldron
Ombudsman