

The complaint

Mr W is unhappy with what AWP P&C SA did after he made a claim on his bicycle insurance policy.

What happened

Mr W has bicycle insurance with AWP covering three bikes. The policy renewed in April 2022. In August 2022 he was involved in an accident and made a claim on his policy. AWP turned down the claim because it said a conversion kit Mr W had added to his bike (fitting a motor and throttle) meant it didn't meet the definition of a pedal cycle set out in the policy.

Our investigator agreed Mr W's bike didn't meet the terms of his policy and so wasn't covered by it. So she thought AWP had fairly turned down the claim he made. She accepted Mr W also wanted to claim on the legal expenses section of his policy (for costs to pursue a personal injury claim) but as that section was insured by a different business this wasn't something AWP was responsible for. And any concerns Mr W had about the sale of the policy would need to be considered by the business responsible for that.

She agreed it wasn't clear whether additional damage had been caused to Mr W's bike by AWP prior to it being returned to him. But as the bike was in any case beyond economic repair she didn't think this had caused any loss to Mr W. However, she thought AWP should refund the premiums paid for this bike from the date the conversion kit was fitted (with interest on that amount); AWP has now done so.

Mr W didn't agree with her outcome. He thought he'd been treated unfairly by AWP and the refund of premium was just a get out for it. So I need to reach a final decision.

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.

I understand that Mr W was seriously injured in his bike accident. I was sorry to read about that and I hope his recovery is progressing. But the question I need to consider is whether AWP got anything wrong when dealing with the claim he made. The relevant rules and industry guidelines say AWP has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

The key issue here is whether the bike Mr W claimed for is covered by his policy. It covers pedal cycles which it defines as:

“Any bicycle, tricycle, tandem or trailer cycle (powered by human pedalling and/or an electric battery with an output not exceeding 250w and 15.5 mph) as disclosed on the schedule, including all components, equipment upgrades, or cycle related equipment that form part of the pedal cycle and are essential to its operation and which are owned by you or for which you are legally responsible.

! We cannot cover electric pedal cycles with motors greater than 250w, those that engage the motor without you pedalling or those that can be adjusted above 250w by you"

In this case the information Mr W provided about the conversion kit he fitted indicates it has a motor of 250w. But he's told us it is possible to change that setting and it could be altered up to 500w. And I've seen information online which confirms that's the case. In addition as the kit included a throttle the motor could be engaged without the need for pedalling.

I appreciate Mr W says he wasn't using the motor at the time of the accident but I don't think that makes a difference in this case. The question is whether his bike meets the definition of a pedal cycle set out in the policy. For the reasons I've explained I'm satisfied it doesn't. So I think his claim has been correctly and fairly turned down in line with the policy terms.

Mr W has provided a set of policy terms containing a different definition. But those terms are dated May 2020 whereas the terms AWP has relied on are from July 2021. As Mr W's accident took place in August 2022 I'm satisfied it's the later version that would apply and so the correct terms have been applied.

Turning to the damage Mr W believes was caused to his bike prior to it being returned to him it's not entirely clear from the supplied photographs whether AWP (or its agents) did cause further problems here. But, even if it did, that damage was caused to a bike that was already beyond economic repair. So I don't think there's anything AWP needs to do to put things right here.

AWP has now made a payment which covers the premiums Mr W paid (plus interest) for the period his modified bike was no longer covered by his policy. I appreciate that falls far short of what Mr W is seeking as a resolution to his complaint but I think it's right that AWP has made this payment to him. And as I think his claim has been fairly turned down there isn't more I can tell it to do here.

Mr W is particularly concerned a personal injury claim he wanted to make hasn't been funded. As our investigator explained AWP isn't the insurer of the legal expenses section of the policy so wouldn't be responsible for decisions in relation to this. And if he's concerned AWP or his broker didn't refer this claim to that insurer that's something which could form part of a separate complaint.

But while the legal expenses section of his policy provides cover where a policyholder is injured, that only applies whilst on their pedal cycle. And pedal cycle has the same definition as in the rest of the policy. So it's not clear cover would be available to Mr W under this section. However, ultimately that's a decision for the insurer of this section to reach if Mr W pursues a claim with them.

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 August 2023.

James Park
Ombudsman