

The complaint

S, a limited company, complains that it was mis-sold a commercial motor insurance policy by Ringsite Limited. This complaint is brought on S's behalf by Mr B, its director. He is represented by Mrs H.

What happened

The tools were stolen from Mr B's van whilst it was parked overnight on his driveway. Mr B made a claim on his policy. But his insurer rejected the claim as it said Mr B hadn't complied with the policy requirement for the van to be stored overnight in a secure compound or guarded facility. Mr B complained that his broker, Ringsite, hadn't made this exclusion clear when he bought the policy and he thought it had mis-sold the policy.

Our Investigator recommended that the complaint should be upheld. She thought the overnight storage condition was onerous. And, although Ringsite had sent Mr B the policy documents, she thought it hadn't sufficiently been brought to Mr B's attention. She thought that if it had then Mr B wouldn't have bought the policy as it was unsuitable. She thought Ringsite should cover the claim as if it had been successful, with interest.

Ringsite replied that the policy covered goods in transit, not tools. It said Mr B hadn't ever requested tools cover. It said cover for tools in a van overnight was a common exclusion in policies that provided tools cover. And so it wouldn't have been available to Mr B. It said it hadn't received any receipts or invoices for the unrecovered tools. Mr B replied that the policy didn't state that tools weren't covered. He said Ringsite's communication about the policy had been insufficient.

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.

Mr B said he'd lost tools worth about £5,000 after thieves broke into his van. He also said that he lost work whilst he borrowed replacements. I can understand that this must be a difficult situation for him. I can see that his insurer declined cover due to the policy exclusion. But I can't consider that here as it's a separate business to Ringsite. My consideration here is whether or not Ringsite recommended Mr B a suitable policy.

Ringsite said the policy covered goods in transit, but not tools. However, I disagree. I can see that the insurer has explained that Section 4 of the policy covers "Tools and Business Equipment". The policy schedule sets out that the cover for this is £10,000. And I can see that Ringsite, when it renewed Mr B's cover, acknowledged that he required tools cover of £10,000. So I can't say that the policy just covers goods.

The policy has the following exclusion from cover:

"Damage due to theft or attempted theft of or from any unattended vehicle:

a unless it is securely locked at all points of access, and

b between 9pm and 6am the vehicle is in a securely locked building or guarded security park"

I agree with Ringsite that this is a common exclusion in motor insurance policies for tradesmen. But we expect a broker in an advised sale to ensure that any recommended policy was suitable for the business' needs and any key exclusions were highlighted. And it must take reasonable care to ensure the suitability of their advice.

Ringsite said the policy was sold over the phone but it's unable to provide the sales calls for me to review. However, Mr B has confirmed that he received the policy documents when he took out the policy. Whilst I would expect Mr B to then review the policy documents to ensure they met S's needs I think the particular exclusion from overnight cover is significant. And I would expect it to be highlighted when Mr B bought the policy. But I haven't seen evidence that this was done.

Instead, I can see that Ringsite recommended the policy in an email to Mr B because it met his need for cover for his tools. Mr B kept his van overnight on his driveway. I'm satisfied that Ringsite shouldn't have recommended the policy as it required Mr B to keep the vehicle parked overnight in a secure locked facility. I think if Mr B had been advised that the policy wouldn't cover his tools left overnight in the van, then he would have bought a different policy. And so I think Ringsite prejudiced S's position by selling it a policy that was unsuitable.

The insurer declined cover. So, to put things right for S, I think Ringsite should cover the claim for the loss of tools as if it had been successful. Mrs H has provided evidence to support this claim, and this can be provided to Ringsite. And, as S has been without its money for some time, I think Ringsite should reasonably add interest to this amount.

Putting things right

I require Ringsite Limited to cover S's claim costs had the claim for the theft of the tools been successful. It should add interest to this amount at the rate of 8% simple per annum from the date of the claim to the date of settlement.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Ringsite Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 3 August 2023.

Phillip Berechree
Ombudsman