

The complaint

Mr F complains that West Bay Insurance Plc unfairly delayed and subsequently declined his claim on his taxi insurance policy.

What happened

Mr F is a taxi driver and has an insurance policy to cover his vehicle that's underwritten by West Bay.

In September 2022 he made a claim after the vehicle caught fire. West Bay collected the vehicle and took it to be inspected. However the inspection didn't take place until the end of December 2022.

In February 2023 West Bay wrote to Mr F to let him know it was declining his claim. It said the inspection had revealed that the fire had been caused by a build up of soot in the diesel particulate filter (DPF) and this was due to a lack of maintenance. And this is excluded under the policy.

Mr F had been unhappy with the service he'd received throughout the claim as it had taken a long time for West Bay to provide an answer to it. He said as he relies on the taxi for his income, this had had a severe impact on his finances and his mental well being. He had made a complaint which West Bay responded to offering £400 compensation for the delay.

Following the repudiation of the claim he made a further complaint. However West Bay didn't uphold this as it said its decision to decline the claim was a fair one.

Unhappy with this, Mr F asked this service to investigate. After coming to us he provided a report from the vehicle's manufacturers garage that had also inspected it. This said that they had inspected the DPF and found no issues. And that regular servicing of the part wasn't required as it automatically filter cleans.

Our investigator considered everything and recommended the complaint be upheld. He said he didn't think West Bay had done enough to prove the exclusion would apply, so thought it should settle the claim. He also thought it should increase the compensation to £600 and reimburse Mr F for the earnings he lost out on during the time the claim was being dealt with. Plus 8% simple interest to make up for the time he had been without the funds.

Mr F accepted our investigator's outcome. However West Bay didn't. It said while the DPF itself didn't require servicing there are a number of manufacturers guidelines that need to be followed in order to ensure it lasts its intended lifespan and it suspects Mr F didn't follow all of these. It also said that the DPF would only be covered if damaged or stolen. It asked for the complaint to be reviewed by an ombudsman.

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.

Declinature of the claim

When an insurance claim is made it's first for the insured to show that there's been an insured event – something that's covered under the policy. Then it's for the insurer to either accept the claim or prove that an exclusion applies.

Here it's accepted that an insured peril took place – a fire in the vehicle. However West Bay has said that the fire started due to lack of maintenance which has led to wear and tear. And damage caused by wear and tear is excluded under the policy. I've considered if it's done enough to prove this fairly applies.

West Bay's expert inspected the vehicle and its report concluded:

'The most likely source of heat and potential ignition is the build-up of soot in the DPF...'

It then goes on to conclude that this was due to lack of maintenance. However from the description of the inspection of the vehicle in the report, it doesn't appear that the engineer inspected the DPF. But instead concluded the likely cause based on what it could see from a visual inspection.

Mr F has provided a report from the vehicle manufacturer's garage. It reported as follows:

'We have checked your vehicles DPF and found It all to be okay. Regarding your question as to whether the DPF requires to be serviced regularly, [manufacturer name] does not state that a service is required at any age or mileage. The DPF should automatically filter clean when the system carries out a regeneration.'

Based on this, I'm more persuaded by Mr F's report. As the engineer comments directly on their inspection of the DPF and confirms they found no issue. Further, their comments about the part self-servicing show that it's unlikely a problem with the DPF would be due to a maintenance issue.

In response to this report West Bay has pointed out the manufacturer's guidance for how the car should be used and maintained. It's said that if these aren't adhered to then this can lead to damage. It said that the inspection showed there were some issues with the vehicle such as no oil being present in the engine. And says this shows there was a lack of maintenance. However it has done nothing to show that this issue, or any other non-compliance with the manufacturer's guidance, were the cause of the fire. Instead it has merely speculated that if Mr F hadn't complied with the guidance then this could cause faults. So I'm not persuaded this is enough to prove the exclusion for wear and tear would apply.

Finally Mr F has provided details of the services and checks he has had carried out on the vehicle. This includes a service in January 2022, an MOT in June 2022, an oil change in September 2022 and a certificate of compliance from the council from June 2022. This shows Mr F was having the vehicle checked regularly, including up to a few weeks before the incident.

Based on the evidence, I don't think West Bay has done enough to show that the exclusion for wear and tear would fairly apply here. I therefore don't think it's acted fairly or reasonably by declining Mr F's claim. On this basis, I agree with our investigator that it should accept the claim and settle it in line with the policy terms and conditions.

Delays

West Bay has taken a very long time to come to its decision on Mr F's claim. And from looking at the notes and correspondence on the claim, I think it could have progressed matters much more promptly.

The vehicle was collected on 6 October 2022, but it wasn't inspected until 21 December. It seems that this was due to poor communication between West Bay and its agents, and therefore this could have been avoided.

Further, the report was received at the start of January 2023. However Mr F was only informed of the claim decision in February. Again, I've seen no good reason for this delay, particularly as the repudiation was discussed internally at the beginning of January and West Bay's position didn't change from this point.

During this time Mr F has been unable to work. This has had an impact on his financial position and has caused him significant distress. He's also had to chase West Bay repeatedly which will have been inconvenient.

For these reasons I agree West Bay should increase the compensation offered to £600 to reflect the distress and inconvenience caused. And, as Mr F has lost out on income he would have received during this time, it should reimburse him for this, less any related outgoings. This should be based on evidence of earnings from the three months prior to the incident. To make up for the time Mr F has been without these funds, it should also pay 8% simple interest on the amount from the date of the claim, until the date settlement is paid.

My final decision

For the reasons I've given, I uphold Mr F's complaint and direct West Bay Insurance Plc to:

- Accept Mr F's claim and settle it in line with the policy terms and conditions.
- Pay Mr F a total of £600 compensation.
- Reimburse Mr F for his lost earnings (less any related outgoings) for the period of the claim, from the date it was made until he paid for the repair of his vehicle. This should be based on proof of his earnings from the three months prior to the claim.
- Pay 8% simple interest on the lost earnings from the date of the claim until the date settlement is made.

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

Sophie Goodyear
Ombudsman