

The complaint

A company I'll refer to as R complains that Covea Insurance Plc unfairly declined its claim following an accident, under its commercial motor insurance policy.

What happened

R says its mechanic drove his daughter and son-in-law to a restaurant. His son-in-law asked him to drive his car as it was making a noise. The mechanic did so and noticed a noise coming from the rear. After dropping off at the restaurant he took the car to R's garage and found a minor issue with the brakes that was simple to fix. On picking up his daughter and son-in-law in the same car, the mechanic was then involved in a collision.

R made a claim to Covea, which it declined. It says Covea told it the car being driven belonged to a family member, which is excluded under its policy terms. R says the policy doesn't define 'family member' and it doesn't consider a son-in-law to be a direct member of a family. It says other insurers don't include son-in-law under a definition of 'family' and some don't have this restriction at all. R thinks Covea should pay the claim.

In its response to R's complaint Covea says its policy terms define what an insured vehicle is. The terms say this must not be a vehicle owned by a family member. Covea maintains that a son-in-law is considered a family member. As a result, it says there is no cover for R's loss.

R disagreed with this outcome and referred the matter to our service. Our investigator didn't uphold its complaint. She says in its ordinary everyday use, son-in-law reasonably indicates a family member. When R first notified Covea of its claim, it stated its mechanic was driving his daughter and son-in-law to a restaurant. She didn't think R had shown the car had been taken in the custody of the business. So, she didn't think R's mechanic was driving the car in a business capacity. This meant there was no cover provided under R's policy.

R didn't think this was fair and asked for an ombudsman to consider its complaint.

The matter 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 this complaint. Let me explain.

The circumstances of who was driving and when the accident occurred are not in dispute. Cover is provided by R's policy in the event of a damage resulting from an accident. My focus here is whether Covea has fairly relied on its policy terms in order to decline R's claim.

I've read R's policy terms and conditions and copied the relevant excerpts below:

"Insured Vehicle

Any motor vehicle, which is:

1. Your property; 2. the property of Your Spouse, if he or she is declared as a driver on this policy; 3. held in trust by You or in Your custody or control for Your motor trade Business; 4. a vehicle leased to the Policyholder on a lease agreement with a minimum initial duration of 12 months.

It must not be:

...e) a borrowed, lent or loaned vehicle, a courtesy vehicle, a vehicle owned by a family member (vehicles owned by Your Spouse are covered if they are declared as a driver on this policy) or a vehicle hired or leased to the Policyholder on a short-term agreement of less than 12 months"

In its decline response Covea says the vehicle involved in the claim is owned by a family member of its mechanic. Its policy doesn't provide cover where a vehicle is owned by a family member. The policy terms don't provide any further information as to the definition of a family member.

Our approach in these cases is to consider what the ordinary everyday use of 'son-in-law' is. Having thought about this, I can't reasonably disagree with Covea that this refers to a family member. I understand R disagrees with this point. But this is an established approach we think is fair where a specific term or word isn't defined in the policy terms and conditions. So, in these circumstances I don't think it was unreasonable for Covea to consider the car belonged to a family member of its mechanic.

I've thought about R's comments that, "*the insured can no longer as the family mechanic work on any family members cars*". I understand R's concern here. But I don't think the terms prevent its mechanic working on a family member's car. The terms say an insured vehicle is one that is held in trust by R or in R's custody for R's motor trade business. I think this reasonably means that if R can show the use of the vehicle was in connection with the business, then cover is provided by the policy.

I've read R's letter in which it confirms what happened on the evening of the accident. This says the mechanic drove to pick up his daughter and son-in-law. He then drove the son-in-law's car. After dropping off, he inspected the car at R's garage and repaired an issue with the brakes. It says this was a minor issue, "*with no invoice issued*". R says it was on the drive home from the restaurant, after the daughter and son-in-law had been dropped off, that the accident occurred.

I don't dispute what R says in its statement. But there is no other evidence to show that the car was held in trust, or in R's custody or control, for its motor trade business. This is required by the policy terms for cover to be in place. Based on this evidence R's mechanic was driving a family member's car at the time of the accident. I'm satisfied that there is no cover provided under Covea's policy terms in these circumstances.

I'm sorry that R has suffered a loss that isn't covered by its policy. But I don't think Covea acted unfairly when relying on its policy terms to decline its claim for the reasons it gave. So, I can't reasonably ask it to do anymore.

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 R to accept or

reject my decision before 21 August 2023.

Mike Waldron
Ombudsman