Ombudsman Decision
CIFO Reference Number: 25-000433
Complainant: Mr K
Respondent: Dukes House Insurance Limited

Mr K complains that Dukes House Insurance Limited incorrectly assessed a claim made under his bicycle insurance policy.

Background

Mr K was involved in a collision with another cyclist on 25 August 2025. His bike was damaged and he submitted a claim two days later with a crash report from the bike manufacturer. The report estimated the cost of repairs to be £699, excluding the costs of any repairs needed to the frame and fork. The report recommended a carbon bicycle frame specialist examine the bike for any possible internal structural damage.

Dukes House initially said the bike should be examined by its preferred specialist, but Mr K disagreed. While Dukes House insisted on further inspection it agreed this could be conducted by a specialist recommended by the manufacturer.

Based on the specialist's report, Dukes House said the bike should be repaired. Ultimately Mr K argued for a replacement bike, adding that Dukes House had breached his privacy by disclosing details of his claim when responding to a review on Trustpilot and by contacting the carbon specialist directly disclosing his personal data without permission.

Following a review by underwriters, Dukes House valued the claim at far less than the replacement value and so a replacement bike was not justified. It said the option of bike hire of £500 remained available and, as

[1] Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

the other cyclist had admitted liability, it would try to recover its reasonable costs from the other cyclist offering to include a list of Mr K's uninsured items with the claim.

Dukes House acknowledged that it could have agreed to send the bike frame to the carbon specialist at the outset, rather than to its preferred specialist. Also, it could have communicated its proposed course of action more clearly and offered Mr K £250 compensation for the delay this caused.

Mr K remained dissatisfied and complained to CIFO, but the Adjudicator did not recommend upholding his complaint. She said although Mr K had opted to replace his bike, she thought Dukes House had correctly assessed the claim. She said bike hire at £485 had been settled, as had the cost of having the bike assessed, and Dukes House had offered to pay Mr K a sum in lieu of the insured repairs.

Mr K requested that an Ombudsman review his complaint and issue a Final Decision. The summary of his position is that he asks for a cash settlement of £4,500 or payment of the full repair costs which he says should include cosmetic repairs. He also wants consequential losses, including rental costs incurred and reasonable compensation for loss of use and delays, acknowledgment of privacy breaches and compensation for distress and inconvenience caused by the handling of the claim.

In making the request for an Ombudsman to review the matter, Mr H made additional points which I summarise as follows:

- The evidence shows that accident-related cosmetic damage needs to be treated to preserve both function and performance.
- Dukes House represented the admission of liability as a fact and even went as far as asking for non-insurance recoverable costs so they could claim these alongside theirs. He relied on this representation when making financial decisions, including purchasing a replacement bicycle, which materially worsened his position.
- If liability had been admitted - as the insurer told him - the third party would be responsible for restoring the bike to its pre-accident condition.
- Cover for wheels was denied without assessment.

Findings

I have considered all the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint. Where necessary or appropriate, I reach my conclusions on the balance of probabilities; that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

Concerns around breach of data protection, as the Adjudicator recommended, ought to be directed to [The Office of the Data Protection Authority]() in Guernsey, where Dukes House is registered.

In considering this complaint the starting point is the policy itself as the terms, conditions and exclusions set out the cover Mr K has. The Certificate of Insurance notes the cover as £6,000 replacement value, £500 bike hire, £500 accessories, and an excess being the higher of £75 or 10% of the claim payment value.

The insured events include accidental damage and malicious damage. Accidental damage is defined as sudden, unforeseen, and unintentional damage to the bike and that is what happened to Mr K's bike.

In a claim situation, Dukes House has sole discretion to repair or replace the bike up to the replacement value. And if neither of these occurs then the policy allows for payment of loss or damage in cash. But, like all insurance policies, there are several things that are either not covered or specifically excluded. Exclusions are set out in the policy and include:

- The policy excess.
- Marking, scratching, denting or any cosmetic change which does not impair the function and performance of the bike.

The initial report from the manufacturer, instructed by Mr K, confirms a 'full visual inspection' was carried out and test of components. The report said that damage was *"...quite limited and localised to the front end"* and lists the cost of repairs at approximately £699. Within the report though it's apparent the repairer recommended the carbon frame be sent for further analysis by an expert in carbon frame repairs. This was not because the repairer had found anything of concern that would impact safety but because of a lack of expertise to be able to test the frame.

The carbon repair specialist report said the bike forks needed to be replaced, the frame had no structural issues but noted multiple cosmetic issues recommending full frame and forks being resprayed. This report went to the manufacturer repairer who gave an estimate of £1,119. 00 to repair the bike. It's not specific as to whether this amount includes VAT, but previous totals documented are inclusive of VAT. Without any contradictory evidence Dukes House was reasonable in assessing costs from this repairer as inclusive of VAT.

Dukes House factored in other costs that had already been satisfied (inc. shipping/packing/assessment) or ones that needed to be paid or deducted (e. g. repairs to the chain stay drive and deducting the policy excess) and made a final offer of £1,151. 00 to settle the claim. In making this offer, Dukes House made it clear issues of cosmetic damage (scratches and chips in the paintwork) were not covered by the policy despite the carbon specialist pricing a full respray.

The general principle is that the burden of proof lies with Mr K to demonstrate he has a valid claim. And if Dukes House relies on policy exclusions, then it bears the burden of showing an exclusion applies. Here there is no doubt Mr K had a valid claim, and the issue then is how the claim should be settled, and where settlement is by 'cash' that Dukes House pays a fair amount for the insured damage.

The best evidence of the damage comes from the expert reports. The reports are clear as to the extent of cosmetic damage but there is no persuasive evidence the cosmetic damage was such that it needed repair due to impaired function or performance of the bike. I appreciate Mr K has done his own research, but I reflect on the expert reports and find it most persuasive. The manufacturer documented no concerns as to the structural integrity, function, or performance of the bike as a consequence of the cosmetic issues but recommended a carbon fibre specialist. Indeed, in its report, the manufacturer comments that Mr K lacks confidence in the frame after the crash and inspection by a 'specialist' will hopefully put his mind at ease.

The specialist did a **full** inspection, including the wheels, and found no structural issues with the frame, but the forks needed to be replaced. There was no suggestion from the specialist that the cosmetic damage impaired function or performance. I appreciate Mr K has gone to some effort to rebut this, but despite him requesting clarification from the specialist about the cosmetic damage, that expert simply confirmed paint and lacquer coatings provide important protection to naked carbon, and the multiple abrasions and paint damage lead to a recommendation of a full respray. This does not, in my view, equate to impairing bike function or performance. If the expert considered impairment was 'real' he would, in my view, have said so.

Mr K has said it is for Dukes House to show that the cosmetic damage did not impair function or performance. The fact the experts who examined the bike have not concluded the cosmetic damage impaired function or performance is sufficient evidence to show it is more likely than not it did not so impair. As such, I am satisfied Dukes House has demonstrated that it has no liability in respect of repair, replacement, or cash value for the cosmetic damage.

At this point in my determination, I am satisfied that Dukes House's settlement terms of the bike hire (£485), the insured damage and accessories (£500) is fair, reasonable and in line with what the policy covers.

Delays / claim handling

Mr K has raised several issues regarding delays and handling, and I will address the key issues relevant to what is fair and reasonable in all the circumstances of this complaint. This means I will not necessarily address each point Mr K has raised, or in the way he has submitted them. This reflects the informal nature of CIFO as an alternative to the courts. It's also worth clarifying for Mr K that CIFO is a different service to the UK Financial Ombudsman Service (FOS) not least because firms in the Channel Islands are not subject to the FCA rules that firms within the jurisdiction of UK FOS are.

I think it is reasonable to expect that Dukes House will handle claims promptly and fairly. Mr K's accident was on 25 August and by 29 August he was advised that his bike needed to be sent to Dukes House's preferred specialist for inspection. Mr K asked that it be referred to the carbon bike specialist recommended by the manufacturer and Dukes House's agreement was communicated on 4 September. Mr K sought clarity on which specialist was to be used and on 9 September Dukes House told him again the bike could go to his preferred specialist for inspection. That report was made available on 25 September and Dukes House informed Mr K of his options by email on 26 September. On the face of it that doesn't seem to me to be an unreasonable timeline.

From the information provided, it appears that if repairs been agreed by Mr K when offered, repairs would have been completed within four weeks from the carbon bike specialist report, including the ordering and waiting for parts. Mr K told CIFO in correspondence that parts would take 1-2 weeks to arrive, and Dukes House told CIFO the manufacturer advised the forks would take a couple of weeks to arrive. So, if everything had gone as it should, repairs would have been completed approximately two months after the date of the accident. I'm not persuaded that's an unreasonable period in the circumstances.

Dukes House accepted a week delay with its initial handling where the bike could have been sent to the manufacturer's choice of carbon specialist sooner, but paid Mr K £250 compensation for any distress and inconvenience caused. I am satisfied this is fair compensation.

I'm not persuaded any other material delays are Dukes House responsibility as it was dealing with Mr K's representations that he believed his bike was unsafe. I am not persuaded his position on safety is corroborated or supported by the specialists who inspected his bike.

Mr K wanted a replacement bike but there was no policy liability for Dukes House to agree this. The bike insurance policy is not analogous to a motor insurance policy. There is no specific provision for circumstances where the bike may be considered uneconomical to repair. Even if there was, the repairs were substantially less than the insured value or cost of an equivalent bike. Equally, the bicycle insurance does not cover the bike to be reinstated to its pre-accident condition. Indeed, it specifically excludes cosmetic damage unless that impairs function or performance.

After deductions for costs already settled, a commitment to pay the carbon bike specialist its £200 assessment fee, and the 10% policy excess Dukes House has offered a settlement balance of £1151.10 in lieu of the repairs. I am satisfied this is a fair amount.

Misrepresentation

Mr K believes Dukes House misrepresented the position on liability and says he acted on that to his detriment. His email to Dukes House of 10 September 2025 said it was a no-fault claim, and the other party had accepted liability. Dukes House replied on 16 September saying it noted the other party had already admitted liability and will be liable for Mr K's costs not covered by the policy. While the reply continued inviting Mr K to submit a list of uninsured items and that it could include cosmetic restoration, I don't find that to be inaccurate or misleading. It seems to me to factually represent an offer to assist Mr K based on his representation that the other party admitted liability.

Shortly after this, Dukes House wrote to Mr K advising him that on contacting the other party, they did not accept liability and said Mr K was at fault. As I don't find Dukes House misrepresented the position, I'm not persuaded it would be fair to expect it to make a remedial offer to Mr K.

Summary

For the reasons I have detailed above, I make the following findings:

- Dukes House assessed Mr K's claim fairly and reasonably in accordance with the terms of the Policy.
- Specialists fully inspected the entire bike.
- The settlement offer of £1,151.10 is fair.
- The £250 compensation is fair.
- Dukes House did not make a misrepresentation about liability.
- Issues of data protection should be directed to the correct body, as detailed earlier in this determination.

Final Decision

My final decision is that I do not uphold the complaint. Dukes House Insurance Limited's offer of £1,151.10 is fair and if Mr K wishes to accept that offer he should contact Dukes House.

Sean Hamilton
Ombudsman

Date: 24 February 2026