



Case study: Vehicle Insurance

VEHICLE INSURANCE CLAIM REJECTED BASED ON INCORRECT FINDING OF UNROADWORTHINESS

Themes: insurance claim, independent expert's opinion, CIFO's field examination, mediated resolution

This complaint relates to an insurance company's refusal to cover the cost to repair a motorhome damaged in an accident due to the local garage claiming it was not roadworthy thereby invalidating the coverage.

In 2014, a car driven by a third party skidded onto the complainants' driveway and hit their motorhome, damaging the side panel. The complainants raised a claim to cover the cost of repairs with their insurance company. The insurance company asked for garage A's expert to examine the damage. Garage A's expert concluded that the vehicle was not roadworthy based on the condition of the chassis. The insurance company therefore decided to reject the claim based on the term of the policy stating that claims will not be accepted if the vehicle is not kept in a roadworthy condition.

The insurance company also advised the complainants that they could get in contact with the local government department of motor vehicles (DMV) in order for them to confirm the motorhome's roadworthiness. The local DMV subsequently advised the complainants that this is not a service they provide to the public.

Adding to the complainants' burden arising from the refusal of the claim, the complainants were left without options to repair their motorhome. They were advised to take the motorhome to a UK motorhome specialist as none could be found on the island where they lived. However, as the motorhome was no longer insured as a result of the insurance company's decision, they could not legally take the vehicle out of their driveway. The cost to tow the motorhome to the UK on the ferry was prohibitive. The motorhome therefore sat in the complainants' driveway for a couple of years before a complaint was made to the insurer, and rejected, and the matter was then finally referred to CIFO.

As the case involved specific technical questions regarding the roadworthiness of the motorhome at the time of the accident, CIFO staff went to visit the complainants to see the motorhome and employed an independent expert from garage B to inspect to assess the motorhome's condition. The garage B independent expert concluded that the vehicle was indeed no longer roadworthy, but based on different reasons to those originally given by the insurance company which had relied upon garage A's expert opinion immediately following the accident. The parts of the motorhome cited by garage A's expert four years previously were considered fine upon close inspection even after four years had elapsed. The reasons given by garage A's expert were found to have been not credible and the current condition that made the motorhome not roadworthy was due to the time that had elapsed since the accident with the motorhome sitting unused in the driveway in a damp seaside climate. The conclusion was that the motorhome was indeed roadworthy at the time of the accident. Therefore, the conclusion was that the insurance claim should have been paid.

After CIFO shared its views with both parties, the insurance company agreed that its previous decision was wrong in terms of the elements that were described as leading to the conclusion that the vehicle was unroadworthy. The insurance company subsequently advised CIFO that it would conduct a valuation of the motorhome using an independent insurance adjuster, and depending on the findings, they would then make an appropriate offer to settle the complaint for the total loss claimed.

After the valuation, it was concluded that the vehicle should be written off and that the insurance company would pay the complainants £16,000 for the motorhome. CIFO received examples from the complainants of different price quotations for comparable motorhomes and we conducted our own online research. These indicated that the value of a comparable motorhome to replace the damaged one four years later would be substantially greater than the £16,000 offered by the insurance company.

A comparison was then made of the complainants' research, the insurance company's research and CIFO's own research and a final settlement amount of £27,500 was agreed by the insurance company. After further communication, the insurance company offered a total repayment of £27,800 plus an additional £300 in compensation for distress and inconvenience.

This final offer to settle obtained after extensive mediation by CIFO was made to the complainants, who accepted it.