T vs A: BUSINESS USE VS PRIVATE USE

The complainant had vehicle insurance policy with the respondent, the said policy having incepted during January 2016. On 21 September 2017, the complainant was involved in an accident. He lodged a claim, which was rejected on the basis that he had been using the car for business purposes. During the initial telephonic conversation with the respondent's representative, the complainant confirms having been asked what he would be using the car for and had answered that it was for personal use. The complainant had also sought further clarification on the meaning of 'business use' and received the following explanation: '…it is to use the car for running of a business'. The complainant confirmed that he would not fall under this category as he does not have a business, but was employed and, for the most part, was office bound. On the day of the accident, however, he had attended a work meeting. The complainant approached this Office looking for a settlement of R81 000, as the car had been written off.

The Office asked the respondent to show compliance with Section7 (1) (c) (vii) of the General Code of Conduct for Authorised Financial Services Providers and Representatives, which requires a provider to provide concise details of any material terms of the contract, including any exclusions or instances in which cover will not be provided.

It was evident from the recording provided of the initial interaction between the complainant and the respondent's representative that the complainant had not been correctly advised of 'business use'. The Office was also of the view that the complainant had been treated unfairly. The respondent should have obtained all relevant and available information to ensure that not only was the recommendation appropriate to the needs and circumstances of the client, but that it should have made all material disclosures to enable the client to make an informed decision, a key requirement of the Code. The respondent revised its decision and honoured the claim in full, inclusive of salvage.

Settlement: R92 350

DG vs L: UNDER INSURANCE

During January 2017, the complainants had requested their broker to specify the following items on their policy:

- Television cabinet R15 000
- Brush cutter R3 500
- Lawn mower R3 000
- Hives and equipment R15 000
- Carport R120 000

Subsequent to this instruction and, during June 2017, the complainants' main house was consumed by the Knysna fires. A claim was submitted on 12 June 2017 to the insurer. The complainant was, however, informed that the items had not been listed or specified on the policy and, as a result, they were under-insured. The complainants approached the Office to make sure the respondent settled the outstanding amount of the claim, which totalled R165 500.

Section 3 (1) (d) of the Code requires that the financial service be actioned in accordance with the reasonable requests and/or instructions of the client. There was sufficient documentation to support the complainants' claims that the respondent had been timeously notified of the need to provide for the additional items on the policy, and that the respondent had failed to action the request. The Office cited compliance with Rule 6(b) of the Rules on the Proceedings of the Office and requested that the respondent provide cogent reasons why, in the face of such overwhelming evidence, it had failed to resolve the matter with the complainant. In its response, the respondent proposed to settle the matter in full with the complainant. The complainant accepted.

Settlement: R165 500