

**IN THE OFFICE OF THE STATUTORY OMBUD FOR FINANCIAL SERVICES  
PROVIDERS PRETORIA**

**Case Number: FSOS 03327/09-10/GP/ 3**

**In the matter between**

**BYRON TAE HEATH**

**Complainant**

**and**

**ORANGE INSURANCE LIMITED**

**Respondent**

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**DETERMINATIONS IN TERMS OF SECTION 14(3) OF THE FINANCIAL  
SERVICES OMBUD SCHEMES ACT NO. 37 OF 2004 ("the FSOS Act") READ  
WITH SECTION 28(1) OF THE FINANCIAL ADVISORY AND INTERMEDIARY  
SERVICES ACT 37 OF 2002 ("the FAIS Act").**

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**A. THE PARTIES**

- [1] Complainant is Mr Bryon Tea Heath an adult male, residing at 90 North Road Randburg Gauteng.

- [2] The Respondent is Orange Insurance Limited, a registered insurer and financial institution duly incorporated according to the company laws of the Republic of South Africa (registration number 2003/031 307/06) with its registered offices at 22 Koelenhof Road, Northcliff Ext, 19, 1709.

## **B. INTRODUCTION**

- [3] This is a determination pursuant to a complaint against the Respondent insurance company. The determination is made in terms of Section 14 (3) of the FSOS Act read with Section 28(1) of the FAIS Act. The Respondent insurance company entered into an agreement with a licensed financial service provider known as Fleetsure (Pty) Ltd. The Respondent had entered into a binder agreement with Fleetsure in terms of which Fleetsure was authorised to conduct the business of short term insurance for and on behalf of the Respondent. Pursuant to this agreement and for the period 1<sup>st</sup> of June 2008 to 31<sup>st</sup> December 2008 Respondent provided short term cover for a number of Fleetsure's clients.

- [4] A dispute arose between Respondent and Fleetsure and as a result Respondent refused to pay claims emanating from the short term policies placed by Fleetsure. The Complainant in this case is one of many policyholders who were not paid after claims were made in terms of their policies with the Respondent.

[5] Many policyholders filed a complaint with this Office after the Respondent refused to pay. The Respondent was requested to provide a written response to these complaints. For each of these complaints the Respondent relied on exactly the same response in the form of a letter dated 17<sup>th</sup> February 2010.

[6] On the 15<sup>th</sup> of September 2010, this Office made a determination in respect of another of these policyholders namely; Mr Innocent Sithembela Mthethwa. This determination was made under case number **Case Number: FSOS 06362/08-09/GP 3** and comprehensively dealt with the merits of the dispute between the complainant, respondent and Fleetsure ( the Mthethwa determination )

### C. JURISDICTION

[7] The Respondent is not a member of a recognised scheme as contemplated in Section 10 & 11 of the Financial Service Ombud Schemes Act 37 of 2004 ( “the FSOS Act”).

[8] Accordingly and in terms of Section 13 of the FSOS Act, the FAIS Ombud, in its capacity as Statutory Ombud assumes jurisdiction over the Respondent in respect of this complaint.

- [9] The FAIS Ombud therefore deals with this complaint in terms of Section 14 of the FSOS Act.

#### **D. THE COMPLAINT**

- [10] According to the Complainant, the following are the material aspects of his complaint:

- 10.1 The Complainant alleges that the Respondent failed to honour a claim arising out of an accident involving the complainant's motor vehicle, an Audi TT Coupe 1.8T Quattro, bearing registration number and letters SKF 523 GP.
- 10.2 On the 24<sup>th</sup> of October 2007, the Complainant entered into a Comprehensive short term insurance policy contract with the Respondent through Guardian Independent Finance Services CC Brokers, the principal Intermediary and a licensed Financial Service Provider under license number 21485.
- 10.3 The Complainant was furnished with a policy number: ZUR001318GIFS which was issued by the Respondent together with a schedule to the contract of insurance. The effective date for the complainant's cover was the 24<sup>th</sup> of October 2007. As will appear in this determination, Guardian Independent Finance Services CC clients were part of the Fleetsure cell.



- 10.4 On the 5<sup>th</sup> of November 2008 the Complainant's vehicle was involved in an accident and he duly submitted his claim through Guardian Finance Brokers.
- 10.5 An assessment of the vehicle was conducted by a duly authorised assessor and the Complainant was authorised to have the vehicle repaired.
- 10.6 On the 26<sup>th</sup> of November 2008, the Respondent accepted the claim authorising repairs of the Complainant's vehicle amounting to R 50,792.30 and towing services amounting to R 741.00, totalling to **R51 533.30**. This was duly signed by the Complainant and submitted through his broker. A copy of a quotation dated 26 November 2008 is annexed marked "**A**".
- 10.7 To date, the Respondent failed to honour the complainant's claim.
- 10.8 The Complainant wants the Respondent to honour the claim by paying the cost of repair according to the policy agreement. Since the accident occurred complainant was left stranded without means of transport while the vehicle is held by the panel beaters.
- 10.9 On the 14<sup>th</sup> of September 2009 Complainant referred his complaint to the FAIS Ombud for further investigation and necessary action.
- 10.10 It is not in dispute that the complainant entered into a contract of insurance in terms of which he comprehensively insured his motor vehicle. The schedule to the policy that was issued to the Complainant records the respondent as the insurer. Nor is it in

dispute that after the Complainant purchased the policy the insured vehicle was damaged in an accident. The Respondent does not dispute that it then received a claim from the Complainant policyholder.

#### **E. UNETHICAL CONDUCT**

According to the Complainant he was informed by the Panel Beaters that his motor vehicle will not be released as his insurance company failed to pay for the repairs. In order to resolve the matter Complainant began calling the offices of the Respondent. Respondent merely made excuses but no payment was forthcoming. Complainant persisted in calling the Respondent's office and was eventually told by a members of the Respondent staff that payment will not be made as the CEO had disappeared with the money.

This was factually incorrect and the Complainant was being lied to by the Respondent's staff. This conduct is both dishonest and unethical and has brought the industry into disrepute.

#### **F. THE RESPONSE FROM RESPONDENT**

- [11] As the complaint could not be resolved between the parties, it proceeded to investigation at which point the Respondent was requested to submit a reply to the allegations.

- [12] The Respondent chose not to deal with this claim specifically but decided to treat this claim together with other similar claims, all of which represent policies issued through Fleetsure, with reference to a letter dated 17 February 2010.

The Respondent's response can be summarised as follows:

- 12.1 The Complainant was at all times factually insured by Zurich Risk Financing SA Limited, previously known as SA Eagle Insurance Company ("Zurich").
- 12.2 The Respondent further contends that Ms Ilse Becker trading as Fleetsure Insurance had attempted to transfer her Fleetsure portfolio from Zurich to the Respondent.
- 12.3 The Respondent disputes the validity of the above mentioned transfer by Ms Ilse Becker.
- 12.4 The Respondent further contends that Ms Becker and Zurich failed to comply with statutory requirements prescribed for intended transfer of the Fleetsure Book of Business from Zurich to the Respondent, and as such concludes that the intended transfer was void and of no force and effect.

- 12.5 The Respondent further avers that the liability as insurer remained with Zurich and not with them.
- 12.6 According to the Respondent Fleetsure was not authorised to use its logo on documentation and correspondence.
- 12.7 This Office, according to the Respondent, cannot deal with the complaints as the question of its liability is subject to an inspection by the Financial Services Board (FSB). The Respondent claimed that the whole matter was *sub-judice* and that any action on the part of this Office will be premature. The Respondent requested that this Office stay proceedings pending the outcome of the FSB inspection.
- 12.8 The reason for non-payment is attributed to a dispute between respondent, Fleetsure and Zurich. This dispute was the subject of an investigation by the Financial Services Board. The respondent insisted on not dealing with this complaint as an individual complaint and stated that the matter was *sub judice* in the hands of the FSB.
- 12.9 The respondent states that there was no valid contract of insurance as between itself and the complainant. According to the respondent the complainant was a client of Fleetsure and/or one of the latter's brokers. The Respondent submits that it was not at risk as Fleetsure was not authorised to issue policies on its behalf and that it was in any event not aware of the fact that Fleetsure was conducting business on its behalf.



The defences raised by the Respondent will be dealt with in this determination.

## **G. FINDINGS**

For reasons stated in Mthethwa's case, I find that the Respondent was at risk and is liable to pay the Complainant in terms of the contract of insurance

## **H. CONCLUSION**

[13] On the undisputed facts before this Office the following conclusions are made:

- 13.1 The respondent as an insurer was at risk in terms of the policy purchased by the complainant.
- 13.2 Complainant's policy was effected during the period 1<sup>st</sup> June 2008 and 31<sup>st</sup> December 2008.
- 13.3 The respondent has provided no legitimate basis in law to avoid paying the complainant's claim.
- 13.4 The complaint is upheld and the respondent is ordered to pay the Complainant's claim.

## **I. QUANTUM**

- 14.1 In terms of the agreement the complainant agreed to accept the

amount of R 51 533.30 in settlement of his claim.

14.2 Accordingly an order will be made that Respondent pay to complainant an amount of R 51 533.30

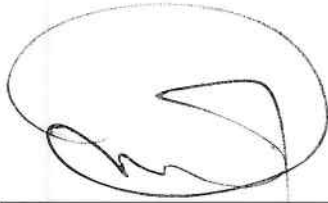
14.3 The complainant expected the amount to be paid by the end of January 2009, accordingly I intend to make an order that interest be paid on this amount from the 1<sup>st</sup> February 2009 to date of payment.

## **J. ORDER**

I make the following order:

1. The complaint is upheld.
2. The respondent is ordered to pay to the complainant :
  - 2.1 The amount of R51 533.30
  - 2.2 Interest on the amount of R51 533.30 at the rate of 15, 5% per annum from the 1<sup>st</sup> of February 2009 to date of final payment
3. Respondent is ordered to pay the case fee of R1 000, 00 to this Office within thirty (30) days of date of this determination.

DATED AT PRETORIA ON THIS THE 4<sup>th</sup> DAY OF MAY 2011.



**NOLUNTU N BAM**

**OMBUD FOR FINANCIAL SERVICES PROVIDERS**





"Assure" A

# CARELLO AUTO

APPROVED AUTOBODY REPAIR CENTRE

CORNER FORSSMAN CLOSE &  
DYTCHLEY RD. KYALAMI  
REG.NO. 2006/018560/07

TEL +27 (0) 11 466 0466

FAX +27 (0) 11 466 0471

P.O BOX 32045  
KYALAMI, 1684  
VAT NO. 4750215214

Invoice to : REDLEX604 T/A@CLAIMS SOLUTIONS  
Motor Claims -  
C/O ORANGE INSURANCE  
18 HERMIE ALBERT  
BRAUCKENHURST  
VAT No : 4840246864

Vehicle : 03AUDI  
Model : TT  
Reg No. : SKF523GP  
Chassis : TRUZZZ8N841007205

Client : BYRON HEATH

Claim No : FLE1543  
Policy No : ZUR001318GIFS  
Order No :  
Assessor : lee geffin

## TAX Invoice

Invoice No: 4091  
VAT No : 4750215214  
Date : 26/11/08

	EXCLUSIVE	VAT	INCLUSIVE
Agreed Repair Order :	R 36,624.64	R 5,127.45	R 41,752.09
Plus Extras	R 14,387.50	R 2,014.25	R 16,401.75
Less Discount	R 0.00	R 0.00	R 0.00
Less Betterment	R 0.00	R 0.00	R 0.00
Less Towing for Cust account	R 0.00	R 0.00	R 0.00
<b>Final Agreed Total</b>	<b>R 51,012.14</b>	<b>R 7,141.70</b>	<b>R 58,153.84</b>
Less Excess	R 6,457.49	R 904.05	R 7,361.54
	<b>R 44,554.65</b>	<b>R 6,237.65</b>	<b>R 50,792.30</b>

Payment Terms Are : C.O.D

PLEASE NOTE: SETTLEMENT DISCOUNT WILL NOT BE ACCEPTED UNLESS PRIOR ARRANGED.

computer generated copy tax invoice (Encrypted PDF format)

Bank : Standard Bank  
Bank/Branch Code : 001255  
Acc No. : 221498737  
Acc Name : TT Sancare t/a Carello Auto

Int Copyright TMS TeamWork



# CARELLO AUTO

APPROVED AUTOBODY REPAIR CENTRE

CORNER FORSSMAN CLOSE &  
DYTCHLEY RD, KYALAMI  
REG.NO. 2006/018560/07

TEL +27 (0) 11 466 0466

FAX +27 (0) 11 466 0471

P.O BOX 32045  
KYALAMI, 1684  
VAT NO. 4750215214

VAT No : 4750215214

Date : 26/11/08

Invoice to : REDLEX604 T/A@CLAIMS SOLUTIONS

Motor Claims -

C/O ORANGE INSURANCE

18 HERMIE ALBERT

BRAUCKENHURST

VAT No 4840246864

Client : BYRON HEATH

Claim No. : FLE1543

Policy No. : ZUR001318GIFS

Assessor : lee geffin

## TAX Invoice

Invoice No. : T- 4091

Vehicle : 03 AUDI

Model : TT

Reg No. : SKF523GP

Order No. :

	<b>EXCLUSIVE</b>	<b>VAT</b>	<b>INCLUSIVE</b>
Storage	R 0.00	R 0.00	R 0.00
Towing	R 650.00	R 91.00	R 741.00
Release	R 0.00	R 0.00	R 0.00
Recovery	R 0.00	R 0.00	R 0.00
Call Out	R 0.00	R 0.00	R 0.00
	<u>R 650.00</u>	<u>R 91.00</u>	<u>R 741.00</u>

Payment Terms Are : C.O.D

computer generated copy tax invoice (Encrypted PDF format)

Bank : Standard Bank

Bank/Branch Code : 001255

Acc No. : 221498737

Acc Name : TT Sancare t/a Carello Auto

Int CopyRight TMS TeamWork

