

The complaint

Mr O complains about how The New India Assurance Company Limited (New India) handled his car insurance claim following the involvement of his car in an accident. He's also unhappy with the amount they paid out when his car was deemed a total loss. References to New India include their agents.

What happened

A large part of Mr O's complaint is about delays in the processing of his claim. So, I've summarised the timeline of events in some detail below.

Mr O bought a comprehensive car insurance policy insured by New India in April 2018. On 16 November 2018 his car was involved in an accident. The driver was his wife, a named driver on the policy.

On 22 November 2018 New India told Mr O that the third-party driver appeared to be uninsured. They explained they'd need to engage another business, C, to trace the vehicle's keeper. Mr O supplied New India with a police reference.

The following day Mr O called New India twice for an update on progress. He was advised that instructions were on the way to C, and that the police report was being requested but could take some time. Mr O said he'd be calling regularly for updates. He also said that his wife had begun looking for a new car.

Later that day instructions were sent to C and a written request was sent to the police for the report on 26 November 2018.

On 4 December 2018 Mr O called New India to chase the trace result and police report – he was under the impression the trace would be returned within two weeks and wasn't happy with the lack of progress.

An engineer assessed Mr O's car on 6 December 2018. He reported that the car was in "good" condition before the accident but concluded the repairs would cost more than the vehicle's value.

On 7 December 2018 Mr O called New India for an update and was advised that C's trace had returned no registered keeper details. They confirmed they'd still be seeking the police report and explained what generally happens when a third party can't be traced/is uninsured.

During this call it was explained that Mr O should get a total loss settlement offer within a week (he said the engineer had told him three working days), but seasonal low staffing levels might extend that timescale.

A week later, when he hadn't received an offer, Mr O contacted New India and spoke with a manager. The manager gave him a provisional figure of £1,160. Mr O made it clear he wasn't happy with this or the time it had taken. He assessed the value of his car as at least £2,500.

On 17 December 2018, New India wrote to Mr O increasing the offer to £1,690. Mr O responded with further examples of the same car being offered for sale at prices between £1,993 and £3,495. It was explained that taking into account the age of the car and the mileage it had done, they wouldn't be increasing their offer.

In January 2019, after Mr O expressed his dissatisfaction with the service he'd received and the valuation of his car, the claim was reviewed. It was noted that correspondence had been received from the police on 14 December 2018, but hadn't been actioned. And that Mr O hadn't been asked for all the paperwork needed to obtain the police report (specifically, an appendix D form). With regard to the valuation, the reviewer noted they'd looked at some classified ads but didn't think the offer should be increased.

New India received the outstanding paperwork from Mr O on 15 January 2019 and completed the police report request (the police report was eventually received on 22 March 2019).

On 23 January 2019 Mr O told New India his wife had made an error when providing the third party's car registration number. The third party was then traced, and contact made with their insurer.

Mr O remained keen that the police report was still obtained; he was concerned that the third party might deny liability. On 8 February 2019 Mr O called New India to say he hadn't received a promised update about whether the police report had been received. And he was still awaiting acknowledgement of his complaint (made on 9 January). He said the process had been inefficient, there had been delays, he'd been left without a vehicle, he'd had to do all the chasing, and the valuation was too low. He added that he wanted to be compensated for the inconvenience caused. New India issued a final response letter on 12 February 2019. They said:

- They hadn't handled the process for requesting the police report correctly, and there had been a significant delay caused – they apologised and said feedback had been given to the relevant team manager.
- Although Mr O was, under his comprehensive car insurance policy, "*only entitled to a courtesy car from an approved repairer whilst your vehicle is being repaired*", he did have additional Hire Car Cover which could have been implemented.
- After further review of the valuation they would not be increasing the total loss settlement but would waive Mr O's £100 excess in recognition that the third party was likely to admit liability, and also amend his no-claims bonus to be unaffected by the claim.
- They didn't correctly log and acknowledge Mr O's complaint and so their complaints team were unaware of it until 8 February 2019 – they apologised and offered Mr O £250 for the inconvenience he'd experienced whilst making his claim.

Unhappy with this response, Mr O approached our service.

Our investigator's view

Our investigator partly upheld Mr O's complaint. He agreed that Mr O had had to spend a considerable amount of time on the phone to New India, and that they hadn't always explained things clearly. He also agreed that there had been delays and that New India could have done more to obtain the police report sooner.

With regard to the valuation figure he thought New India's offer was fair. Finally, he said more could have been done to let Mr O know he had additional Hire Car Cover, but as he didn't think Mr O had been disadvantaged by this, he didn't uphold that part of the complaint.

To compensate Mr O for the poor service New India gave him, our investigator recommended that they increase their offer of £250 to £400.

New India agreed. But Mr O said the compensation was still too low. He disagreed with the investigator's assessment that he hadn't been disadvantaged through not having a replacement car. He also didn't agree New India's total loss valuation was fair.

So, the complaint has been passed to me to decide.

The scope of this decision

Part of Mr O's complaint is that he was left without a replacement vehicle during his claim. He's said that he was provided with incorrect information about his Hire Car Cover and was caused "*major inconvenience*" over the busy Christmas and New Year period including £900 in costs.

New India have said that Mr O had additional Hire Car Cover which could have been implemented. However, because that additional cover wasn't insured by New India, it's not something I can consider in this decision. Here, I can only look at matters relating to Mr O's claim under the comprehensive part of his car insurance policy. So, I'll address Mr O's complaint about the additional cover in a separate decision.

Further information

I asked New India for evidence of how many calls Mr O made to their agents between November 2018 and March 2019. They provided records showing that there were at least 50 telephone contacts with Mr O over the period.

I also asked them to explain exactly when it was decided Mr O's car was a write off. They explained:

"... following the initial report of the incident and Mr O's explanation of the damage, it was thought that the car would be repairable, although this had yet to be established. The vehicle was inspected, with the estimate for repairs sent to engineers by the inspecting garage on 29 November 2018, who officially deemed the vehicle a total loss on 6 December 2018. The replacement vehicle clause of the [New India] policy only comes in to effect at the point that the vehicle is deemed repairable."

My provisional decision

Having considered all the available evidence, I reached similar findings to our investigator, but because Mr O's complaint involved more than one business and I'd altered the scope of what we were looking at against New India, I issued a provisional decision on 22 January 2021. I said:

"I currently agree with the investigator that the service New India provided Mr O could have been better in some respects, and caused him some inconvenience. I'll explain why."

For ease of reference I've structured my decision against the main points of Mr O's complaint."

- *The claims process was disjointed, Mr O had to do all the chasing to progress his claim and obtain the valuation figure, and New India failed to follow the correct process for requesting the police report and caused delays*

Having summarised the timeline of events in some detail above, I agree that there were occasions when the service New India provided could have been better. I've listened to recordings of many of the conversations Mr O had with New India, and I can hear that he was very worried about what effect the involvement of an uninsured third party would have on him. He was concerned that the third party might never be traced and that he'd lose his no claims bonus. And I don't think New India's response to those concerns was always clear, consistent or reassuring.

There were also times when his expectations of a call back, action or update were raised but not met, even though he'd made it very clear he wanted things to be done as efficiently as possible and to be kept updated. For example, neither of the timescales he was given for receiving the total loss settlement figure were met leaving him feeling he once again needed to chase progress. And his complaint wasn't passed over to the appropriate team and acknowledged as it should have been.

That said, I recognise that New India's claim handlers often tried hard to manage Mr O's expectations of how quickly things would move forward in the circumstances. I also note that Mr O said early on he'd be calling frequently, so I can't say all his calls could have been avoided if New India had done things differently.

New India's approach to requesting the police report also let the service down. Although they sent the initial request promptly, when a reply was received (on 14 December 2018) it remained unactioned until Mr O chased what was happening in the New Year. And it was only at that point it was realised Mr O hadn't been asked to complete all the necessary forms. This pushed the completion of the request back to 15 January 2019.

I've thought carefully about what material difference it would have made to the progress of Mr O's claim if the process of requesting the police report had gone more smoothly. If Mr O had been asked to complete the necessary forms at the outset, and New India had acted on the police's reply within a reasonable timeframe, I think the request could have been completed by no later than mid December 2018. If that had happened, it's fair to say, based on the fact that it took almost ten weeks to arrive once it was requested, that the police report would likely have arrived with New India in February 2019. That would certainly have meant the report was received earlier. But I don't think it would have hastened the conclusion of Mr O's claim significantly. I say this because once Mr O had corrected the error with the third party's car registration, the third party was quickly identified, and liability was accepted towards the end of February.

So, although I agree that the service Mr O received didn't always meet his expectations of customer service, efficiency or speed, I don't think New India's actions delayed the conclusion of his claim by much. I think the main impediment to swifter progress at the start of the claim was the incorrect registration number. This is what led to Mr O being told the third party was untraceable and likely uninsured; news which caused him understandable alarm and heightened his concern that the claim be dealt with quickly. But that's not something I can fairly hold New India responsible for.

New India originally offered Mr O £250 in recognition of the inconvenience he'd experienced whilst making his claim. Our investigator thought this should be increased to £400, and New India accepted that. Whilst I understand Mr O thinks this isn't enough, I don't think there are grounds to require New India to pay more. As I've said, the customer service could have been better in some respects. But I don't think New India caused all of Mr O's distress and inconvenience, and the portion they did cause is, I think, fairly reflected by £400.

- *Mr O wasn't provided with a replacement vehicle*

As I've explained above, Mr O's complaint regarding his additional Hire Car Cover is the subject of a separate complaint as that part of his policy wasn't insured by New India. So, I'm only looking here at whether there were any failings on the part of New India in relation to providing Mr O with a replacement car.

Mr O's policy entitled him to a replacement car for use "whilst Your Car is being repaired" at a garage. But the policy went on to say:

"A replacement car is not available ... If Your Car has been damaged beyond economical repair; or Whilst Your car is being inspected if the likelihood is it has been damaged beyond economical repair; ..."

New India have explained that Mr O wasn't provided with a replacement car because his car was never "being repaired". Mr O does seem to have known from the outset that the car was likely to be written off. That's why his wife was looking for a new car by 23 November 2018 and entered into a finance agreement for a new family car shortly afterwards.

As Mr O's car always looked likely to be written off, subject to inspection, and was never actually taken into a garage for repairs, I can't say that New India did anything wrong by not providing him with a replacement car. I provisionally find it's not something the New India part of his car insurance policy entitled Mr O to.

- *The settlement valuation - £1,690 - was "way too low"*

Mr O is unhappy with what he was offered for his car, and he provided both New India and us with links to car sales websites to support his point.

I've noted that the terms of Mr O's policy explain that New India wouldn't pay more than "the Market Value of Your Car at the time of the loss or damage". And the policy included the following definition of "Market Value":

"The cost, in the reasonable opinion of an independent motor engineer, of replacing Your Car with a car of the same make, model and pre-loss or damage condition, specification, mileage and age."

To help it determine the market value New India looked to the engineer's valuation (£1,160) and consulted motor trade guides which gave a top mileage adjusted valuation of £1,690. I can see that they also looked at an example of the same make and model advertised for £2,795, and another advertised at £3,495. But those cars had done significantly fewer miles than Mr O's.

Our investigator carried out his own check of the relevant trade guides before issuing his view and received similar valuations ranging from £1,375 to £1,690. He was therefore satisfied New India's valuation was fair.

It's not my role to provide valuations for cars but to consider whether an insurer reached its valuation fairly and reasonably. To do this we look to motor trade guides used for valuing second hand vehicles. We generally find the valuations given in these most persuasive because their valuations are based on extensive nationwide research of selling prices. We don't usually find advertisements for similar vehicles very persuasive on their own because vehicles are often sold for less than the advertised price and differences in mileage, year of registration, model type etc. can significantly affect the value. So, unless the vehicle is unusual or there's reason to think there's an error in the guides, we'd normally agree the insurer's valuation is fair if it is within the range of the guides' valuations.

From what I've seen, the valuation New India gave Mr O was at the top end of the figures it found from the trade guides – which seems fair. I can also see that it considered the examples Mr O provided of what he said were comparable vehicles from car sales websites that cost more than the valuation he'd been given. But from what I've seen, these examples differed from Mr O's car in relation to the age and/or mileage. So, I don't think it was unreasonable for New India to conclude the trade guides were still more reliable.

Taking all of this into consideration, I'm satisfied New India acted fairly and reasonably and in line with the terms and conditions of Mr O's policy in giving the valuation they did. So, I don't intend to direct them to increase the amount they paid Mr O."

New India accepted my provisional decision, but Mr O didn't. He said his complaints had been "watered down and simplified", and that the additional £150 was "short of [his] expectations".

He remained of the view that he was entitled to a replacement vehicle. He said he thought he'd made many more calls to New India than was shown by their records. And he didn't think the examples he'd provided regarding the car's value had been considered.

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, although I understand Mr O will be disappointed, I see no reason to depart from my provisional decision.

For the reasons I set out in that decision, I remain of the view that the customer service New India provided could have been better in some respects. But I don't think there are grounds to increase the compensation that New India have already agreed to pay (an additional £150).

I acknowledge that, at times, Mr O was left feeling that he needed to chase progress. He did make frequent calls to New India and during the handling of his complaint New India did tell him there were 90 or so calls on their systems. But the evidence I've seen shows far fewer than that, and New India have explained that the recording system will sometimes show one call as multiple recordings. So, I think that's why the complaint handler mentioned the figure of 90. I also remain of the view that Mr O would likely have called frequently even if New India's handling of the claim had been better. He was very clear early on that he'd be calling often to make sure New India were progressing things.

With regard to the provision of a replacement vehicle I still find, for all the reasons set out in my provisional decision, that this wasn't something Mr O was entitled to under the New India part of his policy.

Finally, I'd like to assure Mr O that the examples he put forward to support his car's valuation were considered. But those examples didn't lead me to conclude there was any reason to depart from our usual approach in these types of cases. New India's valuation was at the higher end of the trade guide valuations. So, I think they acted fairly and reasonably in valuing his car, and I won't be directing them to offer Mr O any more.

My final decision

My final decision is that I uphold Mr O's complaint in part.

If they haven't already done so The New India Assurance Company Limited should pay Mr O an additional £150 to reflect its service's contribution to Mr O's distress and inconvenience (bringing the total compensation to £400).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 April 2021.

Beth Wilcox
Ombudsman