

The complaint

Mr H complains that U K Insurance Limited mishandled his claim on a motor insurance policy.

Where I refer to UKI, I include claims-handlers and others insofar as I hold UKI responsible for their acts or omissions.

What happened

The subject matter of the claim and the complaint is a car made by a premium brand car maker and with a “19” number plate. The car had a “head-up display” onto the windscreen.

For the year from mid-November 2020, Mr H had the car insured on a policy that included windscreen cover. UKI was responsible for dealing with claims.

By early 2021, the car was still within the period of its warranty from the car maker. Unfortunately, the windscreen was cracked. Mr H wanted to sell the car to a car dealer franchised by the car maker.

He wanted UKI to pay for the cracked windscreen to be replaced with a new one made by the car maker, that is a “genuine part” or “original equipment” or “OE”.

Mr H made a claim to UKI. He also booked the car in for a new windscreen to be fitted on 5 March 2021. He went to the same glass company that UKI would’ve used.

As UKI hadn’t confirmed that it would pay, Mr H paid £609.98 for the replacement. He complained to UKI that it should reimburse him.

By a final response dated 5 March 2021, UKI said it was sending Mr H a cheque for £100.00 compensation in respect of incorrect information it had provided.

Mr H brought his complaint to us later in March 2021.

Our investigator recommended that the complaint should be upheld. He thought that Mr H had provided confirmation from the dealer that a genuine part was required for his warranty. The investigator recommended that UKI should:

1. reimburse Mr H with the cost of the windscreen at £609.98 less any excess that would have been payable; and
2. pay 8% interest from the date Mr H made the payment being 5 March 2021; and
3. pay the £100.00 compensation offered to Mr H due to the misleading information being provided.

UKI disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- There was an excess of £75.00 under a windscreen claim.
- The policy wording says UKI will repair with parts that are not manufacturer approved. Mr H was always going to have to contribute towards OE glass.
- UKI asked for information about the impact on the warranty. This was a mistake. It caused a loss of expectation for which UKI awarded £100.00 compensation. This is a reasonable figure.
- The reason Mr H needed to proceed with the work so urgently was that he was trading the vehicle in for a new one.
- UKI did email Mr H back asking for further information.
- Mr H proceeded on an assumption with no certainty it would be covered in full by UKI.
- The glass company charged about £1,000.00 for OE glass. Mr H paid the glass company for the OE glass surcharge which was £609.98 or – less the £75.00 excess - £534.98. UKI contributed £444.71.
- The other option in the policy would have been for him to receive £125 towards a replacement windscreen.
- The glass company has confirmed that non-OE glass can be used with the head up display function, however the vehicle would have required a dynamic calibration to be completed.
- It refers us to our decision in another case that it says is similar.
- UKI does not have to abide by the car maker's requirement for a windscreen made by the car maker.

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.

The Financial Ombudsman Service deals with consumer complaints individually. Whilst we aim to be consistent, we decide each case on its own facts. We are not bound by our own decisions in previous cases.

I accept that the excess for a windscreen claim was £75.00.

UKI's policy terms included the following:

"Parts: We may decide to repair your car with parts which have not been made by your car's manufacturer, but which are of a similar standard, including recycled parts...."

So UKI might decide to repair the car with parts which had not been made by the car maker, but which were of a similar standard. With respect to what UKI has said about this, I don't agree that the policy term means that UKI will definitely use non-OE parts. It has to decide to do so. And in any event, I will consider whether it was fair and reasonable for UKI to rely on the policy term.

Mr H told UKI he needed a windscreen made by the car maker because the franchised dealer had told him that this was necessary to preserve the warranty – and their agreement to buy the car.

I think that was a reasonable concern for Mr H. And UKI didn't dismiss it straight away. Rather it asked Mr H for confirmation from the dealer. I wouldn't characterise that as a mistake by UKI. I consider that it was relevant to UKI's decision whether or not to pay for an original windscreen.

In any event, Mr H went to the trouble of getting confirmation on 4 March 2021 from the car dealer. That was as follows:

“As we have discussed previously we are purchasing your vehicle and as part of the purchase agreement was for the cracked windscreen to be replaced before purchase.

As your vehicle is within the manufacturer's 3 year warranty period, we would have to insure all components under the manufacturer's warranty for the prospective new customer. As your vehicle option also includes Head Up Display, the genuine windscreen is required to keep this vehicle within the manufacturer's guidelines and Approved Used [car maker] program for resale.”

UKI asked for further clarification. And Mr H sent a further communication from the franchised dealer as follows:

“Please could you confirm the windscreen has been replaced with a Genuine [car maker] windscreen due to the head up display option on the vehicle specification.

I accept that there was urgency. But that's not unusual in a windscreen claim. And UKI was engaging with Mr H and in a position to make a decision.

UKI's final response said that it had been wrong to suggest a £125.00 contribution, because that only applied where Mr H wasn't using UKI's glass company.

UKI has said that it paid the glass company the cost of a non-OE windscreen. But Mr H knows nothing of this. And UKI has failed to provide documentary evidence.

I've thought about UKI's point about Mr H's legal right to use non-OE parts. But – whatever the legal position - find it fair and reasonable that Mr H went ahead with an original windscreen. I say that because the car had a head-up display, it was still within its three-year warranty and Mr H had agreed to sell it to a franchised dealer which was insisting on an OE replacement windscreen.

Putting things right

So – whether or not UKI has already paid the glass company for a non-OE windscreen - I find it fair and reasonable to direct UKI to reimburse the glass company's invoice of £609.98, less the excess of £75.00, that is a balance of £534.98.

As Mr H has been out of pocket since 5 March 2021, I find it fair and reasonable to direct UKI to add interest at our usual rate.

I've thought about awarding compensation for distress and inconvenience. But I think most of Mr H's distress and inconvenience was to do with being out of pocket, for which I've awarded interest. I expect UKI to provide a replacement cheque for £100.00 if Mr H hasn't paid it in. Otherwise I don't find it fair and reasonable to direct further compensation for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. I direct U K Insurance Limited to pay Mr H:

1. £534.98 for the glass company's invoice; and
2. simple interest on that amount at the yearly rate of 8% from 5 March 2021 to the date of reimbursement. If UKI considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr H how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and
3. £100.00 compensation for distress and inconvenience insofar as UKI hasn't already paid that to Mr H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 March 2022.

Christopher Gilbert

Ombudsman