

The complaint

Mr R complains about Southern Rock Insurance Company's (Southern) handling of his claim about a non-fault accident under his motor insurance policy.

Any reference to Southern includes its agents and contractors.

What happened

In August 2020 Mr R was involved in a collision where another vehicle drove into the back of his car. He contacted his insurance broker and an accident management company was appointed to manage his claim. Southern contacted Mr R a few days later when it became aware of the claim through an agent affiliated to Mr R's broker.

The accident management company was unable to proceed with Mr R's claim. He says it told him it was uneconomical to repair. This was because of the cost of repairs was too high when considering the market value of his car. Mr R's car was still considered driveable despite the damage.

Mr R was contacted by Southern by text message to say its salvage company would be progressing his claim. He didn't want to deal with this company and didn't allow it to collect his car. Mr R told Southern the garage he'd been referred to had already determined the car was a total loss, and no courtesy car would be provided. He didn't understand why a salvage company would need to collect it.

Southern advised the car had to be inspected by its engineer/salvage company to determine its condition. If it was a total loss this company would determine a settlement offer. Southern says as Mr R didn't want its salvage company to take his car for inspection, it didn't proceed with his claim.

Mr R contacted Southern In January 2021 unsure why no progress had been made with his claim. He says the number of companies involved was confusing and the situation hadn't been clearly explained. At this time, he says Southern suggested he claimed directly with the third-party insurer, as it had admitted liability for the accident.

Mr R contacted Southern again in February 2021. Southern says it explained that numerous contacts had been attempted to arrange collection of his car. This was necessary to progress his claim under the cover provided by its policy. Mr R complained and Southern apologised that the situation had been confusing for him. But it wasn't responsible for the actions of the accident management company, and it couldn't progress a claim without inspecting the damage to his car.

Mr R decided to refer his complaint to our service. He didn't think Southern handled his claim fairly because of the poor communication and delays. He thought he was due to receive a refund of premiums and the settlement payment from the third-party insurer was too low, because of delays caused by Southern.

Our investigator thought the situation had been confusing for Mr R because of the number of

different companies that had been involved. She thought Southern could've communicated better around this point and it should pay £100 compensation. However, she listened to the calls between Southern and Mr R and thought it had been clear in explaining its salvage/engineer company needed to see the car to progress the claim.

Our investigator didn't think Mr R had shown a refund of premiums was appropriate as the car was still in his possession and driveable. She also didn't think Mr R had shown he had received a lower settlement payment because of inaction by Southern.

Mr R didn't think this was a fair outcome and asked for an ombudsman to review his complaint.

It has been passed to me to decide.

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 I have decided to uphold Mr R's complaint in part. I won't be adding to the resolution our investigator set out, which I understand will be a disappointment to Mr R, but I will explain why I think my decision is fair.

It's clear that Mr R's first contact was with his broker after his accident. From here an accident management company dealt with the matter. Southern isn't responsible for the actions of the accident management company or the broker. I won't be considering their actions here. My focus is on whether Southern treated Mr R fairly in its involvement in handling his claim.

I understand it was confusing for Mr R that several different companies contacted him and became involved in his claim. I have read all the correspondence provided and listened to the available call recordings to understand what happened here.

The accident management company ceased its involvement when it determined the car was a total loss around a week after the accident occurred. Mr R says it told him his insurer would make him an offer for the car. From his account of events it's apparent he confused contact from Southern's claims handler, in early September 2020, with that of the accident management company. This is apparent from the call recordings I have listened to.

I can see that a text message was sent to Mr R in mid-August 2020 confirming the salvage company had been instructed to handle the claim. Southern then called him in early September to advise his car had to be collected. I have listened to this call. Mr R explains that he doesn't want to allow the salvage company to take his car. He says if the garage has already confirmed it's a total loss his insurer should provide him with a valuation.

Mr R explains that many different parties have been involved and he is confused. Southern's claim handler confirms it hasn't yet instructed a garage but its engineers at the salvage company will assess whether the car is a total loss and provide a valuation if this is needed. The call handler explains she is acting on behalf of Mr R's insurer. This is in response to his comments that he is waiting for a valuation from them. The call concludes with Mr R saying he will find out more information, and the call handler agrees to call back.

Two days later the same call handler calls Mr R back. He says he hasn't found out who inspected the car. Mr R asks a number of times who the car belongs to. The call handler confirms to Mr R that he is the owner several times in response. Mr R says he won't release

the car until his insurer contacts him to tell him how much he will be paid for his vehicle. He says he will be talking to his insurance company and doesn't want to have this conversation anymore. The call handler says she will cancel off his claim, until he lets them know when he would like to continue with it.

Mr R contacted Southern at the end of January 2021. From the call recording he explains that he doesn't know who the salvage company is. He says he was told his claim would be put on hold. The call handler explains that no claim has been registered. He discusses how it can be confusing when different companies have been involved in a claim. The call handler suggests that Mr R contacts the third-party insurer as it has already accepted liability for the accident, and this will be the easiest way to obtain a settlement payment. He provides Mr R with contact details for the third-party insurer.

I have listened to a further call in February 2021 when Mr R contacts Southern again. The same points are discussed. The call handler explains Southern's salvage company would need to collect the car to assess the damage and whether a repair was possible. If it was a total loss a settlement offer would be made. The call handler explains Southern has no association with the accident management company. It explains to Mr R that his car remains his property when being inspected. And if he didn't accept a settlement offer, he could have the car returned to him.

Following this call Mr R made a complaint. I understand he has since obtained a settlement payment from the third-party insurer. But feels the offer is too low because of Southern's delays and that he should receive a refund of insurance premiums.

I have sympathy with Mr R that he found the situation confusing. Particularly when multiple different companies were contacting him. I think Southern could've been clearer in communicating its process at an earlier juncture. But based on the evidence, including the call recordings I have listened to, I think its process was made clear in early September 2020. At this time Mr R was made aware his insurer needed to collect and inspect his car for his claim to progress.

I acknowledge Mr R's comments that his settlement payment is too low. But Southern didn't provide the settlement payment, the third-party insurer did. The industry practice for valuing a car in these circumstances is to calculate this from around the time of the accident. I don't accept that Southern caused a delay in the claim being handled. But this shouldn't impact on the valuation in any case. If Mr R has concerns, he can contact the third-party insurer to query the date it used for its valuation. But I don't think he's shown that Southern has caused his settlement payment to be less than it should be.

Mr R retained his car after the accident and continued to be insured by Southern. I don't think he's shown that Southern collected premiums when it shouldn't. But if he feels premiums were paid after he gave up possession of his car, he can raise this with Southern as a separate complaint.

During his calls to Southern Mr R mentions a courtesy car should've been provided. My understanding is he retained possession of his car and it was driveable. But I have read the policy terms to understand when a courtesy car will be provided. The terms say:

"Courtesy Cars: What is covered

• If You have Comprehensive cover and Your Car is repaired by one of Our Approved Repairers, You will be supplied with a small manual hatchback Car while Your Car is being repaired, subject to availability."

And:

“What is not covered

- *Courtesy Cars are not provided if Your Car is stolen or determined as a total loss.”*

Mr R didn't allow Southern to inspect the car. No repair was arranged so the terms don't provide for a courtesy car. It's also the case that the car was determined a total loss by the third-party insurer. Assuming Southern considered it a total loss on inspection, then again, no courtesy car would be provided under the policy terms. So, I don't think Southern treated Mr R unfairly in not providing a courtesy car.

Having considered all of this, I think Southern behaved reasonably when advising Mr R it required an inspection of his car before progressing his claim. But I think it could've communicated its process more clearly at the outset, which caused Mr R confusion and frustration. Southern should pay him £100 compensation to acknowledge this.

My final decision

My final decision is that I uphold this complaint in part. Southern should:

- pay £100 compensation to Mr R for the confusion and frustration it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 April 2022.

Mike Waldron
Ombudsman