

The complaint

Mr C complains that U K Insurance Limited (“UKI”) mishandled a claim on his 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 claim and complaint are in relation to a hatchback car that had been registered in 2010. Mr C acquired it in May 2021.

For the year from May 2021, Mr C had the car insured on a comprehensive policy. UKI was responsible for dealing with claims, up to the market value of the car and subject to an excess of £200.00.

Unfortunately in mid- September 2021, Mr C’s car was damaged in an accident. His sister and her daughter were in the car. Police attended the scene.

UKI didn’t answer its claims telephone line. So UKI didn’t arrange the recovery of the vehicle, for which Mr C says he paid £60.00 to a local garage.

UKI said the car was likely a total loss.

Mr C complained to UKI about poor service and communication. He also complained about how UKI had recorded his no-claims discount (“NCD”).

On 22 September 2021, UKI noticed that due to an administration error, Mr C hadn’t received updates on his claim.

By a final response dated 24 September 2021, UKI acknowledged that it hadn’t answered the call on the day of the accident. It also acknowledged the administration error and said it had put it right. UKI said it was paying £200.00 into Mr C’s account.

On about 11 October 2021, UKI sent Mr C a cheque for its pre-accident valuation of the car of £2,400.00 less the policy excess of £200.00, that is a cheque for £2,200.00.

Mr C brought his complaint to us on 13 October 2021. His complaint included dissatisfaction with the valuation of the car and with the lack of payment for a child car seat.

our investigator’s opinion

Our investigator recommended that the complaint should be upheld in part. He thought that the £200.00 already offered was a reasonable attempt at recognising the impact of the errors. But he recognised the need to resolve the issues of the reimbursement for the recovery, and a claim for the child car seat. He recommended that UKI should:

1. reimburse the £60.00 payment for the recovery, should Mr C provide evidence such as a bank or credit card statement; and
2. allow Mr C to enter a claim for the car seat in line with their normal terms and conditions. Where proof of ownership would normally be required, it's reasonable that Mr C should provide this.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr C and to UKI on 1 February 2022. I summarise my findings:

UKI should've helped Mr C or his sister on the day of the accident. Mr C has said that he paid £60.00 in cash to a local garage for recovery of his vehicle. He's given the contact details of the garage. So I accept that he paid £60.00 cash. I was minded to find it fair and reasonable to direct UKI to reimburse him without any receipt or documentary evidence.

As he'd been out of pocket, I intended to direct UKI to add interest at our usual rate.

Subject to any further information from Mr C or from UKI, my provisional decision was to uphold this complaint. I intended to direct U K Insurance Limited to pay Mr C:

1. £60.00 in reimbursement of his payment for recovery of his vehicle; and
2. simple interest on that amount at the yearly rate of 8% from the date of the accident to the date of the reimbursement. If UKI considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr C 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.

Neither Mr C nor UKI has responded to the provisional decision. So I see no reason to change my view.

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 is bound by the Financial Conduct Authority's dispute resolution rules ("DISP"). The effect of one of those rules is that – before we can deal with a consumer's complaint – the consumer must've made that complaint to the financial firm and waited up to eight weeks for a final response.

UKI recorded Mr C as having 9 years NCD. UKI's final response said 9 years was its maximum. But it said it would issue a document confirming the number of years NCD earned with UKI when a policyholder ceases to be its customer. I accept that explanation. I don't consider that Mr C will lose out financially as a result of UKI recording 9 years NCD in May 2021.

From his NCD, I find it likely that Mr C hadn't had any accident or any need to make a claim in many years. So I accept that the accident and the need to make a claim were disturbing for him.

UKI should've helped Mr C or his sister on the day of the accident. Mr C has said that he paid £60.00 in cash to a local garage for recovery of his vehicle. He's given the contact details of the garage. So I accept that he paid £60.00 cash. I find it fair and reasonable to direct UKI to reimburse him without any receipt or documentary evidence. As he's been out of pocket, I intend to direct UKI to add interest at our usual rate.

The policy terms included the following:

"If your car is written off, or is stolen and not recovered, you won't get a courtesy car."

I find that this was clear. And it's not unusual for a motor insurer to provide a courtesy car only while its repairer is repairing the policyholder's car.

Mr C's car was over ten years old and seriously damaged. So it was likely to be written off. And UKI told Mr C that within a couple of days of the accident. I don't consider that UKI treated Mr C unfairly by not arranging a courtesy vehicle for him.

It's not unusual for financial firms to make payments of compensation directly into a consumer's bank account at around the same time as sending a final response letter. Such payment doesn't adversely affect the consumer or his right to pursue the complaint with us.

I've thought about UKI's lack of contact on the day of the accident and in the days after it.- and the impact on Mr C. I don't under-estimate Mr C's concern that UKI left his sister unsupported in a vulnerable situation with her child. I accept that Mr C felt left in the dark in the days after the accident.

If UKI hadn't made a payment, I would've found it fair and reasonable to direct it to pay compensation of £200.00 for distress and inconvenience. It follows that I consider that UKI's payment of £200.00 was fair and reasonable compensation for distress and inconvenience.

Mr C had complained to UKI about the valuation of his vehicle and UKI responded to that complaint after its final response. The investigator gave his opinion on it. Mr C hasn't said he disagreed with that opinion. Nevertheless I will deal with that issue.

We expect insurance companies to value vehicles by using retail prices from the trade guides. Those guides are based on extensive nationwide research of likely selling prices. We place less weight on advertisements as they show asking prices that may be negotiated downwards.

I've noted the make, model, age and recorded milage of Mr C's car. I accept that it was in good condition before the accident. For a car like Mr C's, I've seen retail prices in the trade guides as follows:

Glass's	£2,400.00
CAP	£2,510.00
Cazana	£2,642.00

I consider that to be quite a narrow range. After making a small deduction for pre-accident damage, UKI adopted a valuation of £2,400.00. In any event, that valuation was within the narrow range of the trade guide figures. So I don't find it unfair or unreasonable.

From the date of the accident in September to the date of UKI's cheque in October was less than a month. I don't find that unfair or unreasonable.

The policy terms also included the following:

“If you have a child car seat fitted to your car and your car is involved in an accident, we’ll arrange a replacement, or cover you for the cost of replacing the child car seat with a new one of a similar standard, even if there is no apparent damage. You may be required to provide proof of ownership as part of the claim.”

I don’t consider that Mr C made a claim or a complaint about the car seat until after UKI had given its final response. Nevertheless I can deal with that issue by saying that I’m pleased to note that UKI has reimbursed Mr C.

Putting things right

UKI should’ve helped Mr C or his sister on the day of the accident. Mr C has said that he paid £60.00 in cash to a local garage for recovery of his vehicle. He’s given the contact details of the garage. So I accept that he paid £60.00 cash. I find it fair and reasonable to direct UKI to reimburse him without any receipt or documentary evidence. As he’s been out of pocket, I intend to direct UKI to add interest at our usual rate.

My final decision

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

1. £60.00 in reimbursement of his payment for recovery of his vehicle; and
2. simple interest on that amount at the yearly rate of 8% from the date of the accident to the date of the reimbursement. If UKI considers that it’s required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr C 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.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 31 March 2022.

Christopher Gilbert

Ombudsman