

The complaint

Mr P is unhappy with Covea Insurance plc's handling of his motor insurance claim.

Mr P is represented by Mr S, but for ease I'll refer to statements made by Mr S as being made by Mr P.

References to Covea include agents acting on their behalf.

What happened

Mr P had a car insurance policy with Covea. In December 2020 a third party made a claim stating Mr P had collided with their parked car. Mr P phoned and told Covea his steering wheel had locked causing his car to turn and block the road, but he said he hadn't collided with the third party's car. He also said his car had been recovered to his son-in-law's garage and he provided them with the details of the garage. Covea subsequently sent an engineer to inspect Mr P's car, and the engineer deemed it a total loss.

Mr P says he was under the impression he had made a claim for the damage to his car. He phoned and wrote to Covea on several occasions for an update on the claim and was told there had been no response from the third party. He was then told Covea would close their file if they didn't hear back from the third party.

Mr P's representative phoned Covea chasing an update on the claim for the damage to his car. Covea offered a settlement of £11,800. They deducted £3,050 for the garage's storage costs up until April 2021 because they didn't think Mr P had said he wanted to make a claim prior to the call in April 2021.

Mr P wasn't happy about the deduction and complained. Covea accepted they missed an opportunity to discuss with him whether he wished to make a claim. But they said Mr P hadn't said he wanted to make a claim prior to April 2021, and he didn't ask for an update from them. They upheld the complaint in part and paid him £1,525, which is half the storage costs. But Mr P thinks they should refund the full costs and consider compensation for the stress he was caused by the situation.

Our investigator thought the complaint should be upheld. She thought the length of time Covea took to communicate the outcome of the engineer's assessment to Mr P, and the lack of clear communication with him or the garage meant the storage costs built up unnecessarily. Our investigator also thought this caused Mr P inconvenience. As such, she thought Covea should reimburse all the storage costs and pay £300 in compensation. Covea didn't agree with our investigator and asked for an ombudsman's decision. They thought, regardless of any failings in their customer service, it's the policyholder's responsibility to mitigate their losses. They don't think Mr P did, especially considering the car was incurring charges at a family member's garage.

I issued my provisional decision on 30 March 2022 and I said:

“The terms and conditions of Mr P’s policy say that when a claim is made, Covea will “pay for storage charges for your car as long as you have told us about them beforehand and we have agreed that they are reasonable.”

There is no dispute Mr P didn’t tell Covea about the storage charges, so what I must decide is whether they could have done more to support him through the claim’s journey. I’d expect Covea to have enquired about the cost of the storage, and if reasonable, to cover these costs as part of the claim they settled for Mr P. However, Covea says Mr P didn’t inform them he wanted to make a claim until April 2021, which meant his car was in storage for several months and incurred costs. They also think he didn’t attempt to mitigate his losses in that time. As such, they paid half the storage costs, so I’ve also thought about whether they acted reasonably in doing so.

Covea wrote to Mr P and asked him to complete a form to explain his side of things in relation to the incident reported by the third party. The form also asked whether he wished to make a claim. Instead of completing it, Mr P phoned to discuss the incident with them. He explained what happened at the time. Having listened to his phone calls with Covea, I can’t see that any of the agents Mr P spoke to asked him whether he wanted to make a claim for the damage caused to his car.

During the conversation the agent said an engineer would inspect Mr P’s car and provide a report. He also explained to Mr P that, once they received the report, they would discuss it with him. The engineer deemed Mr P’s car a total loss and they said it would be uneconomical to repair. Considering these findings, I think it should have prompted Covea to check whether Mr P wanted to make a claim for the damage to his car. Had they discussed the engineer’s report with him, it’s likely it would have become apparent he was also making a claim for the damage to his car.

Mr P says he thought he had made a claim for his car and says he had been given a claim reference number which reinforced his belief that he’d made a claim. During the initial phone call, he explained that his car was damaged and had needed to be towed away. The agent then explains that an engineer would inspect the car but doesn’t specify that this inspection was solely in relation to the third party’s claim. So, I can understand why Mr P may have thought it was regarding the damage to his car also.

I accept Mr P did not explicitly state he wanted to make a claim, however once Covea became aware the vehicle was beyond economical repair, they should have informed Mr P and given him the opportunity to make a claim for his car.

When mistakes happen, as I find was the case here, I agree with Covea, I would expect the consumer to attempt to mitigate their losses. I accept Mr P didn’t specifically ask for an update on the repairs or the settlement for his car, nor did he ask when he would get his car back. Had he done so, I think this may have highlighted the issue. That said, as I find Mr P believed Covea were aware of his claim, I don’t think it’s unreasonable that he didn’t ask specifically about the repairs or a potential settlement.

Covea say Mr P had an opportunity to mitigate losses because the car was in a family member’s garage. Mr P informed Covea where the car was stored and provided details for the person they could contact at the garage for more information. And I think that, had Covea settled Mr P’s claim in December 2020, when they received the engineer’s report, the storage charges could have been prevented.

Though I can’t see Mr P was contacted about the engineer’s report, his telephone call with Covea in January 2021 indicates at some point he became aware the car had been deemed a total loss. During this call, he asked about the cause of the steering problems and says to

the agent that no one has been able to explain to him how the steering issue actually happened. So, I think he did enough to enquire about the engineer's findings and how Covea would resolve the claim.

Mr P also called and wrote to Covea on several occasions for an update and to express his dissatisfaction at the length of time things had taken. Once he realised Covea planned to close their files, his representative phoned on his behalf to enquire specifically about his claim in relation to his car. So, I'm satisfied once he was aware, Mr P did enough to enquire about the claim.

As I mentioned earlier, I agree Mr P did not explicitly state he wanted to make a claim, but I'm satisfied he did all I would reasonably expect him to as a consumer and not an expert on the claims process to highlight the issue. Covea acknowledge they missed an opportunity to discuss a potential claim with Mr P. I find they could have done more to support him through the claims process and to check whether he wanted to make a claim. Had they discussed the engineer's report with him, as they said they would, I think they would have been aware of his claim sooner. So, for the reasons I've set out above, I don't think Covea acted fairly or reasonably in deducting half the storage costs from the settlement figure they paid Mr P for his car. I think Covea should cover the storage costs from the date they received the engineer's report. They should reimburse Mr P the difference between this and what they already paid towards the storage, plus 8% simple interest on this amount from the date they initially paid the settlement to the date payment is made.

I find Covea should have taken Mr P's circumstances into account during their interactions with him and clearly explained the claims process to him, to ensure it was as stress free as possible. I think the process will have been stressful and frustrating for Mr P as he had to take time out of his day on several occasions to phone and write to Covea for an update. It will also have been distressing to learn that a claim hadn't been recorded for his car, and he would be held responsible for the storage costs. So, I agree with what our investigator has said, I think Covea should pay Mr P £300 in compensation for the distress and the inconvenience their errors caused him."

Covea accepted my provisional decision. However, Mr P didn't, he says during the first call in December 2020 Covea became aware that:

1. The damage to the vehicle was sufficient that it had to be towed away.
2. The vehicle was in storage and therefore was likely to be incurring storage costs from that point.

Mr P says the engineers report only merely confirmed the full extent of the damage. He says if Covea had properly discussed the claims process with him during the initial call, they would have taken responsibility for managing the storage costs as part of the claim. He would like Covea to reimburse the storage costs from December 2020 when he made the initial call to them.

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.

I've thought about all that Mr P has said in response to my provisional decision and I'm not minded to change the outcome I reached. I'll explain why.

Ultimately, I don't find Mr P made it clear in his initial phone call with Covea in December 2020 that he wished to make a claim for the damage to his car. I say this because, I think the purpose of his phone call was to dispute the claim made by the third party. He said the accident didn't happen and during this phone call, he also states there was no claim. I accept Mr P mentioned that there was a problem with his car, and it had been towed, but I don't think that means he wished to make a claim for it. While I appreciate Mr P may have thought he was making a claim at this time, I don't think it's fair to expect Covea to have known he wanted to based on the conversation he had with them at this time.

Even though Mr P provided Covea with the details of the garage his car had been towed to, as I don't think it was clear from his initial phone call that he wanted to claim for his car, I wouldn't expect Covea to ask about the storage costs. Furthermore, as the car was stored at his family member's garage, I don't think Covea would have known there were fees involved in its storage. Even Mr P's representative was unaware of the storage fees when he phoned Covea on his behalf.

As I said in my provisional decision, once Covea received the engineers report and became aware the car was beyond economical repair I think they should have informed Mr P and given him an opportunity to make a claim for the damage to his car. Had they done, I think they will have been aware of his claim sooner. So, for the reasons I've set out here and in my provisional decision, I don't think Covea acted fairly or reasonably in deducting half the storage costs from the settlement figure they paid Mr P for his car. Covea therefore should cover the storage costs from the date they received the engineer's report. They should reimburse Mr P the difference between this and what they already paid towards the storage, plus 8% simple interest on this amount from the date they initially paid the settlement to the date payment is made. They should also pay Mr P £300 in compensation for the distress and the inconvenience their errors caused him.

My final decision

I uphold this complaint and require Covea Insurance plc to:

- cover the storage costs from the date they received the engineer's report. They should pay Mr P the difference between what they already paid towards the storage and the additional amount due.
- They should pay 8% simple interest per annum on this amount from the date they initially settled his claim and paid him to the date this payment is made.
- They should also pay Mr P £300 in compensation.

If Covea Insurance plc considers that they're required by HM Revenue & Customs to take off income tax from the interest, they should tell Mr P how much they've taken off. They should also give him a certificate showing this if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 May 2022.

Oluwatobi Balogun
Ombudsman