

The complaint

Mr S has complained about his car insurer West Bay Insurance Plc in respect of the settlement it made to him for two claims.

What happened

Mr S's car was damaged by an uninsured driver. West Bay said it was a total loss as the repair cost was estimated to be over £5,000, with the car's pre-accident value being around £3,500. It settled the claim based on the car's value, making a deduction which allowed Mr S to keep the car. He then had it repaired.

Only a couple of months later Mr S had another accident. This one was not his fault. When Mr S spoke to West Bay it said the initial repair estimate totalled £4,600. He thought this would mean the car would again be declared a total loss, so he obtained an estimate from his garage for the necessary repairs. But West Bay said the car could be repaired – it wasn't writing it off as a total loss as it had before. And it noted Mr S's estimate was less than its. So it said it would settle for that cost minus the standard £350 excess and an additional excess of £900 applicable under the policy because Mr S was using his garage. Settlement was made and Mr S repaired his car.

Mr S felt these two different approaches in similar circumstances were unfair. He couldn't understand how the car would be repairable in the second instance, whilst having been a total loss in the first. And with that total loss settlement not being that much more than the final repair value for the second claim.

West Bay said its total loss settlement for the first claim was correct. Regarding the second loss it said its initial repair estimate had been incorrect. But, in any event, it had been possible for it to settle the second claim at the full repair cost, rather than needing to look at the total loss value. It said this was because it would be recovering its total outlay from the other driver's insurer.

Our investigator felt West Bay had likely assessed the vehicle and repair values correctly. But he felt West Bay had misled Mr S when it had told him of the initial repair estimate on the second claim. He felt this had influenced Mr S's decision to use his own garage for repair. So our investigator said that West Bay should refund the additional £900 excess it had charged Mr S, plus interest. He didn't think compensation was warranted.

Mr S agreed. West Bay disputed the outcome. It said Mr S had known the estimate was to be reviewed. It also said Mr S had always wanted to use his own garage – as was clear from the fact he'd used it before. So it didn't think it should have to reimburse the additional excess amount.

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 think West Bay acted appropriately when valuing the car, on both occasions. But I also think it caused confusion during the second claim.

I've heard the call with Mr S during the second claim where West Bay's advisor told him the repair estimate was more than the value he'd received in settlement on the first claim. It is clear this causes him to think the second claim would also be settled as a total loss. I think Mr S reasonably thought the claim would most likely follow the same pattern as the previous one – that he would get a total loss settlement which would enable him to do repairs. And from what I've seen I'm satisfied that West Bay didn't fully explain the true position until after its settlement was made and Mr S had completed repairs.

It did tell him that this second claim wasn't also being treated as a total loss. But it didn't explain why. In short I think West Bay misled Mr S, such that he didn't have all the relevant evidence to hand in order to make a properly informed decision about whether or not to use his garage for repairs. And Mr S has explained that if he'd understood everything, he wouldn't have chosen a course of action that left himself substantially out of pocket. Which is exactly what happened.

In the circumstances, I think reimbursement of the £900 excess, plus interest, from the date Mr S paid his garage for repairs, is fair and reasonable redress. I think this has been frustrating for Mr S – but on this occasion I don't think an award of additional compensation is fairly and reasonably due. It was unfortunate that West Bay got this element of the claim wrong, but it did pay the majority of the settlement to Mr S in a reasonable timeframe and he did get his car repaired.

Putting things right

I require West Bay to pay Mr S £900, plus interest from the date he paid his garage for repairs until settlement is made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs requires Lloyds to take off tax from this interest. It must give Mr S a certificate showing how much tax it's taken off if he asks for one.

My final decision

I uphold this complaint. I require West Bay Insurance Plc to provide the redress set out above at *"putting things right"*.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 July 2022.

Fiona Robinson

Ombudsman