

The complaint

Mr E complains that U K Insurance Limited (UKI) settled his complaint and took ownership of the salvage of his car without his permission, under his motor insurance policy.

What happened

Mr E was involved in an accident when driving his car in January 2022. He contacted UKI and it arranged for the car to be assessed. Mr E was subsequently contacted by phone to be told his car was a total loss. He was offered a settlement payment, which he thought was fair. But he says another element of his claim wasn't dealt with. This was about the fee he paid for his car to be recovered to a garage.

Mr E says although he agreed to the settlement payment and provided his bank details. He was told he would receive written confirmation of what had been agreed. He didn't receive this. But the day after his call with UKI he emailed to say that he didn't accept its offer at this time. Mr E says he wasn't given the opportunity to retain the salvage of his car and raised a complaint with UKI.

UKI says it didn't see Mr E's email until after the salvage of his vehicle had been processed. This meant the salvage couldn't be returned. It offered £50 for the delay in refunding the cost of the vehicle recovery. But it says Mr E accepted its offer of a settlement payment and made no mention of retaining salvage. UKI refers to its policy terms that say once a claim is settled as a total loss the car becomes its property.

In a follow up letter UKI explains there was a delay from 11 February 2022 until 13 February in the settlement payment being processed. It says this was because of missing information that was flagged up and had to be entered manually. Otherwise it says once the settlement had been processed the payment will be paid automatically. It says its agent that input the missing information wouldn't be expected to look through incoming emails nor would this be identified by its automated payment system.

In its letter UKI says it acknowledges Mr E's point that he didn't provide explicit consent for it to write-off his car. It says feedback will be provided internally on this point. Mr E didn't think this was fair and referred his complaint to our service. Our investigator didn't uphold his complaint. He thought it was clear Mr E had agreed to the settlement and hadn't mentioned retaining the salvage. He says UKI acted in line with its policy terms when handling his claim.

Mr E disagreed. He didn't think he'd provided consent for his claim to be settled in the way it was. So, he asked for an ombudsman to consider 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 not to uphold Mr E's complaint. I'm sorry to disappoint him but I will explain why I think my decision is fair.

I've listened to the call recording from 10 February 2022 between UKI's engineer and Mr E. The engineer describes the work needed to repair his car and says this will cost around £7,000. He explains that this exceeds the market value of Mr E's car and so it has been determined a total loss. The engineer explains how he calculated the market value and confirms this to be £6,300, which will be paid minus the £400 policy excess.

Mr E agrees with the engineer that he thinks this is a reasonable valuation.

Around six minutes into the call Mr E mentions the recovery fee he paid, which has yet to be refunded. The engineer confirms that this will be paid and it's for the claims team to arrange. He spends some time looking through the information Mr E had provided. But wasn't able to confirm if the invoice had been received. The engineer did, however, confirm the refund would be dealt with by UKI's claim team.

Twelve minutes into the call the engineer tells Mr E the settlement payment can be provided by a direct electronic payment. He provides some further information to satisfy Mr E that he is who he says he is. Mr E confirms he's happy to proceed and gives his bank account details for a payment to be made. The engineer tells Mr E he will need to send in a section of his V5 logbook. He says this will be needed when dealing with the salvage. He also confirms Mr M will receive confirmation of the settlement payment in writing.

About twenty minutes into the call the engineer tells Mr E that when he gets a new car, he should contact UKI's customer services. It can then arrange for this car to be added to his policy for the remaining term. Mr E asks when he can collect his belongings from the car. Following some discussion, he says he will visit tomorrow for this purpose. The engineer says that when he processed the payment it will trigger salvage of Mr E's car either tomorrow or the following Monday. Mr E says he will ring to make sure the car is still there to be able to collect his belongings. The call then ends.

I've listened to the full call, which lasts around 25 minutes. Mr E doesn't mention retaining the salvage of his car. I've read the email he sent early the following morning. This doesn't mention retaining the salvage of his car either. In the email Mr E says UKI's engineer didn't satisfy him that he would be paid in full for the recovery charge, and he wants confirmation before accepting UKI's settlement.

I've thought about whether it was reasonable for UKI to settle Mr E's claim in the way it did. Including disposing of the salvage of his car in light of the phone call discussion he had and his subsequent email.

I've read his policy terms to see what this says about how the claim will be handled in these circumstances. The terms say:

"If your car is accidentally damaged, we can choose to either:

- Repair – we'll repair the damage ourselves or pay to repair it.*
- Replace – we'll replace whatever is lost or damaged, if that's more cost-effective.*
- Repay – we'll settle your claim by sending a payment."*

And:

“If your car is written off and we agree to settle your claim on that basis, we will have met our responsibilities to you under the policy.”

Also:

“Once we settle your claim, your car will become our property and you must send us the registration document. All cover will then end unless we agree differently.”

The policy terms allow UKI to treat Mr E’s car as a total loss and to deal with his claim by providing a settlement payment. The amount payable is confirmed in the policy terms as the “Market value”. The evidence supports that repairs would exceed the market value of Mr M’s car. So, I don’t think UKI behaved unfairly in offering a settlement payment.

Mr E agreed to the settlement payment he was offered, and this was processed. The terms say that if there is agreement for the car to be written-off UKI will have met its responsibilities. At this point ownership of the car reverts to UKI. I acknowledge Mr E’s point about UKI not obtaining explicit consent to scrap his car. But I don’t think it was required to do this. I think it’s clear by agreeing his car was a total loss, and accepting the settlement figure he was offered, Mr E agreed to his claim being settled in this way.

Having considered all of this, although I’m sorry Mr E is disappointed, I don’t think UKI treated him unfairly when relying on its policy terms and processing his claim in the way it did. This includes disposing of the salvage of his car. So, I can’t reasonably ask it to do anymore to resolve his complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr E to accept or reject my decision before 17 December 2022.

Mike Waldron
Ombudsman