

The complaint

Mr A complains Soteria Insurance Limited trading as Co-Op Insurance took too long to settle a claim he made under his motor insurance policy.

A representative has supported Mr A in bringing this complaint, but for simplicity I've mainly referred to him in this decision.

What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've set out the relevant elements below, and they form part of this final decision.

My understanding is on 28 November 2020 Mr A registered a claim after his car caught fire and exploded. Mr A understood there were no suspicious circumstances, and it was thought an electrical fault was most likely the cause of the incident.

In September 2021, Mr A still hadn't had the outcome of his claim, so he complained explaining the delays were causing him financial difficulties.

Across two replies, Soteria said:

- *The claim was registered on 28 November 2020, and they instructed loss adjusters to assess the claim.*
- *The loss adjusters provided their report in December 2020 in which they made recommendations. But, Soteria didn't indemnify Mr A, as their claims department had some further queries.*
- *On 17 December 2020 they told Mr A they needed forensics and an independent engineer to inspect his car to determine how the fire started. They also asked for a copy of the fire brigade report, along with evidence of the purchase of the car. They said Mr A was unhappy at being asked to share information of his personal finances.*
- *They also instructed the independent engineer to take a formal statement from Mr A, and having tried many times to contact him, an appointment was finally made for 26 March 2021. But Mr A didn't have enough time to complete the interview and sign the statement, so a further appointment was made in April 2021.*
- *In May 2021 they received the statements, and in June 2021 Mr A was out of the country and said he wasn't able to help with any further enquiries.*
- *They contacted Mr A in August 2021 saying another appointment was needed with their investigator. This was arranged for 1 September 2021 but couldn't be completed due to an incident with their investigator.*

They noted Mr A's concerns about the delays, and they were sorry he was having some financial difficulties but said they do have to validate his claim.

Unhappy with this, Mr A asked us to look into things.

One of our Investigators did so and found Soteria had acted fairly up to the point of the date of the last response letter from Soteria. This was dated 8 October 2021.

As Mr A wasn't happy with this, the complaint was passed to me to decide.

Having reviewed matters I wanted to understand in a bit more detail what Soteria were waiting for, and why they needed that, just to help understand the current status of the claim.

Mr A had been told part of the evidence they were waiting for was a Police report. Mr A's representative knows how the reporting works for Police in this situation and said he didn't think there would be a Police report. He ended up contacting the officer who attended the scene of Mr A's burnt out car. This officer said they didn't consider there to be anything suspicious.

Mr A's representative passed this information on to our service, and Soteria. We explained we'd expect Soteria to now make a prompt decision on the claim. On 20 May 2022, Soteria ultimately decided to settle the claim – with the value of £41,500 being offered on 27 May 2022 which was accepted by Mr A. But he said he wanted 8% interest on a portion of the claim, as it should have been settled far sooner, along with compensation, and a contribution of 50% towards his representative's fees.

Our service is only allowed to investigate complaints once either a final response has been issued, or eight weeks have passed, from a complaint being made – unless the financial business involved gives us consent to do so. So, anything that happened after Soteria's last response of 8 October 2021 isn't something we could automatically consider.

That said, pragmatically I felt it'd make sense for us to consider the full claims journey from start to finish in one complaint. Soteria told us they wouldn't allow us to consider the full claims journey, but then told Mr A's representative they would. It seems there was a misunderstanding, but Soteria meant to say they would allow us to consider everything. So, this decision addresses the full claim journey.

What I've provisionally 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.

Although there has been a significant history, the key focus for me to decide is whether Soteria have taken longer than they should have, to decide the outcome of this claim.

As a starting point, I need to say that given the purchase price of Mr A's car was over £50,000 and the unusual circumstances of the incident, I'd potentially expect enquiries to take longer than for a smaller claim. That said, I'd still expect Soteria to have progressed the claim as efficiently as possible at every opportunity.

Mr A's representative provided a breakdown of what he thought were relatively generous timeframes in which to conduct elements of the investigation. Overall, he felt it should only have taken a maximum of 34 weeks – but points out it actually took over 70 weeks in total. Mr A's representative said Soteria's staff didn't identify that no crime had taken place, so spent 12 months asking for a crime report from the Police which would never be provided.

I can see from the history of contacts between Soteria and Mr A they were investigating a number of factors including:

- *The reason the car exploded*

- The source of the funds used to buy the car
- Mr A's no claims discount (NCD)
- Mr A's recollections of what happened
- Reports from the Fire Brigade and Police
- An interview with Mr A's relative

Given the value of the claim, and the circumstances, at face value these investigations don't seem unreasonable – and I can see they made Mr A aware they were looking into all of these issues.

All of Soteria's investigations had been completed regarding the reports on the car, the source of the funds, Mr A's NCD, and his recollections of what happened by 7 May 2021. From what I can see, the only things that remained outstanding were reports from the Fire Brigade and Police – and the interview with Mr A's relative.

Mr A's relative isn't party to the policy and wasn't present at the time of the incident. So, in effect, he's unlikely to have any relevant information that should affect the outcome of the claim Soteria were going to reach. Because of that, I don't think it was necessary for them to pursue an interview with the family member for the several months that they did.

By 17 May 2021 the Fire Brigade and Police had given verbal reports to Soteria about the circumstances they found – they'd discussed the matter with a Police Officer, and heard from the Fire Fighters who attended Mr A's car as well. I can see Soteria wanted to get a copy of the reports they say the Fire Brigade and Police had put together. But I don't see why that was necessary, as the two services aren't going to give any different information verbally than in writing.

Soteria did pursue the reports. The Fire Brigade one was provided on 27 May 2021. On 24 May 2021 Soteria sent a cheque for the Police report, but it was returned to them on 10 June 2021 as not enough information had been provided – I can't then see they chased the Police until a note recorded three months later on 14 September 2021 says the cheque has been returned but they hadn't noticed this before. I asked Soteria to provide all the evidence of what'd happened on this case, and I've been provided with a bit more information about their chasers to the Police – but it was actually Mr A's representative who appears to have resolved this issue. He asked Mr A to contact the Police officer, and the same day received an email with their recollections of the event.

Overall though, I think Soteria should have made a decision on or shortly after 17 May 2021. At this time Mr A had provided all of the information he was being asked to provide, Soteria had spoken to the Fire Brigade and Police, and there wasn't any need for them to interview the family member.

Because of that, I'm going to uphold this complaint. Allowing a reasonable period of time of say two weeks, I'm going to say Soteria should pay 8% simple interest from 31 May 2021, to the date the claim was settled on 27 May 2022.

I also think some compensation is due. Mr A was left without quite significant funds for virtually a year longer than he should have been. The vast majority of the impact of that is addressed by requiring the 8% simple interest to be paid – but given Mr A had to chase up for the settlement and was caused some inconvenience as a result of that, I think £300 compensation is fair.

I've noted Mr A's representative has asked for 50% of his fees to be covered by Soteria, saying the claim has only been settled because of him. While I understand his point, I won't

be requiring Soteria to pay any of the fees Mr A's representative is charging. Mr A could have complained, and brought the complaint to our service, without the use of a professional representative. Although there isn't any dispute Mr A's representative has played a significant part in getting the claim paid, I don't think that automatically means the claim never would have been paid without his involvement.

Finally, Mr A also incurred a County Court Judgement which he says is because of the claim not being settled earlier – and initially he wanted to claim some compensation for this also. Mr A's representative has subsequently said to get the evidence required for me to consider this would take many months, so they're happy for me to put this aside. Because of that, I've not considered it further.

Responses to my provisional decision

Mr A replied, and said he accepted my outcome.

Soteria replied and said they didn't think they should pay interest or the compensation I'd said they should. They said they had a number of avenues they wanted to continue exploring before making a decision on the claim – saying they still felt the relative had relevant information. And while it was unfortunate the Police report took so long, that was outside of their control. Soteria said as soon as the Police report was provided, they decided the outcome of the claim.

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 understand Soteria felt they needed the Police report, and to interview the relative, but as I've set out above, I don't agree with that.

For the Police report this had already been confirmed verbally there wasn't anything that would impact Soteria's decision to pay the claim. In addition, although Soteria say the delays in this report being provided were outside of their hands, I can't agree with that. There was a three-month delay between the report being applied for, and Soteria noticing the cheque sent to the Police had been returned just a week after it was sent. I've also not been given a clear history of all contacts to the Police that show Soteria regularly chased it up. In addition, I can't ignore that Mr A's representative was able to get the Police Officer to reply the same day. If he was able to do that, I feel Soteria should have been able to do it far earlier as well.

As for the relative, they weren't present at the scene of the incident, so as I've set out above I think it unlikely they were going to have any relevant information.

Overall, while taking into account everything Soteria have said, I still think they should have paid the claim far earlier than they did. Because of that, I remain of the opinion it's fair to say the claim should be paid from 31 May 2021, with 8% being applied to the date the claim was paid on 27 May 2022. I also remain of the opinion compensation is fair for the reasons set out above.

Putting things right

I require Soteria to:

- Pay 8% simple interest on the claim amount from 31 May 2021, to 27 May 2022
- Pay Mr A £300 compensation

*HM Revenue and Customs requires Soteria to deduct tax from the interest payment referred to above. Soteria must give Mr A a certificate showing how much tax they've deducted if he asks them for one.

My final decision

I partially uphold this complaint and require Soteria Insurance Limited trading as Co-Op Insurance to carry out the actions in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 August 2022.

Jon Pearce
Ombudsman