

## **The complaint**

Ms B has complained about the way QIC Europe Ltd dealt with a claim she made under her car insurance policy. She's unhappy with the service she received and the total loss settlement it paid.

All reference to the insurer QIC includes its agents.

## **What happened**

Ms B bought a car insurance policy with QIC through a broker by phone after obtaining quotes online through a comparison website.

In February 2022 Ms B's car was damaged in an incident and she made a claim to her insurer, QIC.

An engineer on behalf of QIC said it wasn't economical to repair Ms B's car. The market value the engineer arrived at was £16,956. However, Ms B's policy with QIC said the most it would pay was up to the market value or the value specified in the policy schedule. As Ms B's policy schedule listed the value of her car at £12,320, this is the sum QIC relied on to settle Ms B's total loss claim.

Ms B complained to QIC. She was unhappy with the length of time it took for QIC to reach its decision. Over two weeks after the incident, Ms B's car was moved from the first approved repairer (AR) to a second AR for further assessment. Ms B said she hadn't been provided with a courtesy car by the first AR and was unhappy with the lack of updates.

Ms B didn't agree the settlement QIC intended to pay was fair.

In response, QIC said the policy clearly sets out what it will pay in the event of a total loss claim and so it didn't increase the settlement sum offered.

QIC said the reason it moved Ms B's car to another AR was because a ramp was needed in order to fully inspect possible damage underneath to Ms B's car before reaching a decision as to whether it could repair the car or not. QIC said it isn't guaranteed that a courtesy car will be available as this is subject to availability.

QIC said the total loss settlement it intended to pay was correct and in line with the policy terms.

Ms B remained unhappy and asked us to look at her complaint.

Our Investigator thought the term QIC relied on under the policy was unfair. And she thought it unreasonable for Ms B to have no access to a courtesy car for 17 days while it was under assessment with the first AR.

So the Investigator recommended QIC increase the total loss settlement to the engineer's valuation (with interest) as this was within the range of the motor trade guides she'd checked for a car of the same make, model, age, condition and mileage as Ms B's at the time of loss. She also recommended QIC pay Ms B £170 as the equivalent of £10 a day for loss of use in line with our approach. This was for the 17 days Ms B's car was awaiting assessment at the first AR - and Ms B wasn't provided with use of a courtesy car during this time.

Ms B said QIC had caused a delay in paying an interim settlement to her. She said she'd taken out a loan to buy a replacement car which she wanted fees attached to it to be considered as financial loss caused by QIC's delay. But the Investigator found that QIC had been clear as to what verification documents it needed before it could settle Ms B's claim. As Ms B hadn't provided them until after she applied for the loan, the Investigator didn't find QIC should be responsible for any financial loss here.

For the distress and inconvenience caused by QIC's decision to pay a much lower settlement sum, the Investigator thought QIC should pay compensation of £300.

Ms B accepted the Investigator's recommendations. QIC said it disagrees in its entirety. It hasn't provided further details.

So the case 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.

The circumstances of the incident are that Ms B accidentally drove over an unlit concrete base of a bollard in the ground. As QIC was made aware of this from the initial notification, I think there was some responsibility for it to ensure Ms B's car was taken to a suitable AR in order for her claim to be dealt with as efficiently as possible.

17 days later, the first AR reported that in order to assess possible further damage from underneath the car, it would need to be moved to another AR with appropriate equipment to investigate, before a decision about the car could be made. I think the areas of damage were known to QIC when Ms B reported the incident. So I think the delay here could have been prevented if Ms B's car had been taken to a suitable AR for assessment at the outset.

Notes provided by QIC show that that Ms B asked for a courtesy car, but the first AR didn't have an available courtesy car "until the following month". While I appreciate there is no guarantee of a courtesy car, overall I don't think Ms B was treated fairly here. I can see that when Ms B complained about the delay and lack of update about her car, the second AR immediately provided a courtesy car.

So in this case I think a fair outcome is for QIC to pay Ms B the equivalent rate of £10 a day for loss of use for 17 days while her car was being assessed at the first AR - and no courtesy car was made available to her.

Ms B's policy was sold to her through a broker. So my decision doesn't relate to the sale of the policy. QIC is the underwriter of the policy - so is responsible for the contract and any claim made under it.

QIC describes Ms B's policy as a market value policy. The majority of standard motor insurance policies in the market are 'market value' policies. In other words, most insurers provide policy wording which is very similar in relation to paying a market value. Most insurers say the most it will pay in the event of a total loss claim is the market value of the car at the time of loss. Underwriters may say that they take into account the value of the car - among other things - when deciding a premium.

Ms B's policy with QIC provides a definition as follows:

*"Market value – the cost of replacing your vehicle with another of a similar make, model, age, mileage and condition as at the time of the loss or damage, up to the value stated in your policy schedule."*

The part; *“up to the value stated in your policy schedule”* is an unusual term for market value policies. We asked QIC to provide a recording of the call when Ms B applied for the policy, but this hasn't been provided in a format we can access.

From QIC's case notes, it listened to the call and said the broker told Ms B the value of her car was around £12,300 to which Ms B replied; *“yeah, probably. Yeah, I guessed when I bought that as well. I haven't got a clue”*.

The policy schedule lists both the purchase price of Mr B's car - and an estimated value - as the same, being £12,320.

Ms B's policy with QIC is - as it describes - a market value policy, not an agreed value policy. By applying QIC's definition, only QIC benefit, not Ms B. If the market value of Ms B's car is above the amount shown on the schedule - which is described as an estimate - QIC only need pay the lower amount. If the market value is below that stated on the schedule, again, QIC only need pay the lower amount.

Crucially in this case, QIC has confirmed that had Ms B's car been estimated at a market value of £16,956 when she bought the policy - it wouldn't have charged her any more for cover. So QIC hasn't been prejudiced by the lower estimate provided for Ms B's car.

So I think QIC should pay the difference between the interim payment it made of £12,320 and the engineer's valuation of £16,956. Having checked the main motor trade guides for a fair valuation of Ms B's car in line with our approach, I'm satisfied this sum is within the range. QIC should pay interest on the difference from the date the claim was declared a total loss to the date it pays.

QIC has shown that it asked Ms B for verification documents on 8 March 2022 in order to pay Ms B the (lower) total loss settlement. I understand Ms B says she wasn't sure which party she was dealing with at times. But I think the messages sent subsequently in March 2022 and April 2022 were clear enough and consistent with the requirements QIC (and its agents acting on its behalf) needed to settle the claim.

Ms B provided the remaining information to QIC on 27 July 2022 and it promptly issued payment to follow within three to five working days. So I don't think QIC caused a delay here. It therefore follows that I don't think QWIC is responsible for any financial losses from Ms B's decision to take out a loan in June 2022 to buy a replacement car.

However, I think QIC's handling of the claim with the first AR and its decision to pay a much lower settlement caused Ms B unnecessary distress and inconvenience - and reduced the amount available to her to buy a replacement car. For this I think QIC should pay Ms B £300 compensation.

## **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint. I require QIC Europe Ltd to do the following:

- Pay the difference between the market value of £16,956 and £11,370 which QIC paid (after deducting the excess) as an interim settlement.
- Pay interest on the difference at a rate of 8% simple interest a year from the date of QIC's decision to settle as a total loss (8 March 2022) to the date it pays.
- Pay £170 for loss of use for 17 days.
- Pay compensation of £300 for the distress and inconvenience caused.

QIC Europe Ltd must pay the compensation within 28 days of the date on which we tell it Ms B accepts my final decision. If it pays later than this it must also pay interest on the

compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 15 November 2022.

Geraldine Newbold  
**Ombudsman**