

The complaint

Mr P complains about how Markerstudy Insurance Company Limited (MICL) handled his motor insurance claim.

What happened

In July 2021 Mr P was involved in a road traffic accident, he said when he considered the possibility that there could be 50/50 liability he made a claim against his motor insurance policy with MICL.

MICL arranged for Mr P's car to go to an authorised repairer. But Mr P said as his was a specialist car it needed to be sent to a specialist repairer. But MICL wouldn't agree to this, Mr P said his car was recovered to his home address. Mr P said he'd provided all the documentation MICL asked for, but the service he received from them was poor. He said MICL's customer service was argumentative, and he had to keep chasing them for his claim to progress. Mr P said he'd also wanted to keep his car and get it repaired.

Mr P said he wasn't provided with a courtesy car even though there was cover for this in his policy. And that he had to take out a loan to buy a car with the same functionality to use on his land and for his hobbies. He said MICL, at first only offered £12,000 when they considered his car to be economically beyond repair. But they later offered £24,000 when the modifications to his car were considered. But because of the time the claim was taking he accepted the settlement offer made by MICL and didn't get his car back. Mr P complained to MICL about the poor customer service he'd received, the delay in getting his claim sorted and the financial impact caused to him.

MICL said in January 2022 when Mr P had first complained they reviewed the initial settlement offer and agreed that the first offer was too low as it hadn't taken into account modifications to his car. They said they increased the settlement offer to £24,000 in line with standard business valuation tools. They said they'd explained to Mr P that the salvage value for the car was calculated in line with business processes and wasn't subject to negotiation. The claim was settled on a 50/50 liability and settlement (less the excess agreed by Mr P on his motor insurance policy) was sent.

Mr P wasn't happy with MICL's responses and referred his complaint to us.

Our investigator said there had been unnecessary delays that had caused Mr P distress and inconvenience. He asked MICL to compensate Mr P by paying him £200 for this.

Mr P didn't agree he said £200 was insufficient to compensate for the way his claim had been handled. He asked for an ombudsman 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'm partially upholding this complaint. I'll explain why.

In the course of Mr P's complaint he's made a number of detailed points. But, while I've considered everything that's been said, in this decision I will focus on what I see as being the key issues. In reaching my decision I've considered the terms and conditions of Mr P's motor insurance policy, and any relevant legislation, guidance and good practice.

I can see that liability for the accident was disputed. And I think where liability is in dispute it's not unusual for claims to take many months and in some cases years to resolve. From MICL's records it wasn't until June 2022 that it was confirmed that the liability for the incident was accepted as 50/50.

Courtesy car

Mr P's motor insurance policy says he's insured for:

"Courtesy car for duration of repairs authorised by us and completed by an approved repairer"

I can see from MICL's records that Mr P wasn't happy for MICL's approved repairer to carry out the work. And he asked for his car to be sent to a specialist repairer. That was Mr P's choice. But if he'd allowed the approved repairer to do the work that could have most likely reduced any significant delay. And Mr P would have had a courtesy car while his car was being assessed for repair. So, he wouldn't have incurred the expense of buying another car to use while his was being assessed.

In August 2021, Mr P sent images to MICL of the damage to his car for it to be assessed. MICL records show that they'd difficulty in viewing the images and they contacted Mr P in September 2021 about this. They also asked for further detail about the incident as liability was being considered. In November 2021 I can see Mr P sent further images and these were sent to the engineer to assess the damage.

In December 2021, Mr P's car was deemed to be beyond economical repair. His motor insurance policy says:

"You are not entitled to a courtesy car if it is believed your vehicle is beyond economical repair."

So I don't think MICL acted unfairly or unreasonably in not providing Mr P with a courtesy car. And so I can't ask MICL to reimburse Mr P for the financial impact this had.

Pre Accident Valuation (PAV)

In December 2021 the engineers assessed the PAV for Mr P's car at £12,000. And as the cost of repair was estimated to be more than £16,000, Mr P's car was deemed beyond economical repair. MICL offered Mr P a settlement of £12,000 less his policy excess.

In January 2022, Mr P said the settlement offer was too low. I can see that MICL reviewed the offer. They said the engineer had noted there were modifications made to Mr P's car when it was assessed. But as they couldn't see the modifications had been declared they weren't considered in the PAV as it wasn't known whether the policy would cover the modifications.

Mr P's policy says:

"Failure to disclose any modification could result in the policy being declared invalid. If in doubt you should disclose it. E.g. engine or body modifications, special or non-standard equipment, non-standard or alloy wheels, cosmetic changes, sound systems."

MICL said Mr P's broker hadn't notified them about the modifications. But after review accepted the modifications should be considered when assessing the PAV for Mr P's car. In late January 2022 the engineer reassessed the PAV and increased the PAV to £24,000. So I'm satisfied MICL acted fairly and reasonably.

Salvage

In December 2021, Mr P said he'd wanted to keep his car and to look to get it repaired. He said he expected the salvage value to be around £4,000. And after the PAV was increased in January 2022 Mr P questioned whether his car was still economically beyond repair. MICL has shown that the repairs would have been over £16K so the increased PAV didn't impact the decision that the car was considered a total loss.

I can see that Mr P was of the belief that the salvage value was negotiable and that the rates to calculate should be included in his policy documents. As this is a commercial decision and a business process made by MICL I won't comment further on this.

In May 2022 MICL asked Mr P if he wanted to retain his car, and that the settlement offer was £24,000. Mr P took from this that he would receive £24,000 and still be able to keep his car. As Mr P wanted to keep the car he'd looked to get quotes for its repair.

I can see from MICL's records they clarified this in June 2022, Mr P was told the salvage amount would be £8,150, which would leave a settlement of £15,590. I think this letter was clear that the settlement would be reduced by the salvage amount. In early July 2022 Mr P accepted the settlement offer as he no longer wanted to retain the car. While MICL's communications could have been clearer I'm satisfied that Mr P had sufficient information to make an informed decision about the retention of his car.

Customer service

Mr P felt there were unreasonable delays with the claims process. I can see from the claim being made July 2021 it wasn't until July 2022 that the claim was finally settled. From January 2022 until the claim was settled I can see Mr P and MICL were in discussions to determine the PAV and salvage value and whether Mr P wanted to retain his car or not.

But between September 2021 and December 2021 when the first PAV was sent to Mr P he was asking about the progression of his claim. There were issues with viewing the images sent by Mr P. This caused a delay in Mr P's car damage being assessed. And left him wondering what was happening with his claim. This would have been a difficult time for Mr P having been in an accident and without the use of his car, so I think MICL could have kept Mr P better informed about his claim's progress. And in July 2022 his settlement payment

couldn't be made until his car was collected because of inaccurate registration details being used by the recovery agents.

Our investigator said MICL should pay Mr P £200 for the distress and inconvenience caused to him for this and I think this is fair and reasonable. I think MICL could have handled the claim better.

My final decision

I partially uphold this complaint. And ask Markerstudy Insurance Company Limited to pay Mr P £200 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 11 January 2023.

Anne Scarr
Ombudsman