

## **The complaint**

Ms N and Mr W complain about how Acromas Insurance Company Limited has handled a claim made on their motor insurance policy. Ms N is a named driver on Mr W's policy.

## **What happened**

Mr W's car was damaged in an incident and Acromas took it to its approved repairer for repairs. Mr W was unhappy with the time taken to repair the car, the quality of the repairs and the service provided. Mr W said when the car was returned following repair, it was stuck in four wheel drive and so it was undriveable.

Acromas took the car back. It thought the fault wasn't related to the incident or the repairs. The repairing garage and Mr W disagreed. And so Acromas took the car to a dealer's garage for further diagnosis. Acromas then appointed an independent engineer to assess the car. He said it was possible that the fault was incident or claim related, but a full investigation was required. This wasn't authorised by Acromas and the car remained at the dealer's garage.. Acromas provided Mr W with a hire car whilst the matter was investigated.

Ten months after the car had been taken back, Acromas said the parts needed to make a repair were no longer available. It offered to write off the car and pay Mr W its value in settlement of his claim. Or it said Mr W could retain the salvage and carry out repairs himself. It said a cash in lieu settlement wasn't possible as it couldn't obtain prices for the repairs.

Acromas upheld Mr W's complaints about the delays in the claim, the level of service he'd received and its communication. It paid him £500 compensation for this. But Mr W remained unhappy because Acromas hadn't upheld the complaint about the poor repairs.

### *our investigator's view*

Our Investigator didn't recommend that the complaint should be upheld. She thought there had been poor service. But she thought Acromas' offers to write the car off and pay Mr W £500 compensation for the level of service was fair and reasonable.

Mr W replied that he wanted an Ombudsman's review, so the complaint has come to me for a final decision.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr W and to Acromas on 12 September 2022. I summarise my findings:

I could understand that Mr W felt frustrated with how his claim has been handled. I could see that it took Acromas a year from the date of the accident to make its offer to write off his car as the parts needed for repair were no longer available. Mr W thought that if Acromas had acted on the independent engineer's advice and authorised further investigations, or written off the car earlier, then his car could have been repaired.

Mr W kindly provided a detailed timeline for the claim and I considered this alongside his emails and Acromas' file.

Mr W was adamant that the car's four wheel drive worked fine before the accident and repairs. And I had no reason to doubt him as I could see from the independent engineer's report that the car was kept in above average condition.

Mr W was very unhappy that his car was returned after repairs in an unroadworthy condition. He said the car was very hot and he thought it had been returned whilst being driven in four wheel drive. But Acromas' engineer reviewed the authorised repairer's reports and thought that no faults were evident shortly before the car was returned to Mr W.

Acromas is only responsible for repairs that are claim or repair related. And so I thought it was reasonable for Acromas to investigate this problem in order to decide whether it was related to the incident or the repairs.

And I thought Acromas took some reasonable steps to do this when the problem was raised with it. It considered the approved repairer's view. It took the car to a dealer's garage for diagnosis. It instructed an independent engineer to inspect the car. It then authorised further intensive diagnostics to strip down the car and the wiring. This concluded:

*"diagnostic now completed and they have found multiple faults that they have advised can give costings for as not part availability."*

Acromas' in-house engineer thought the faults weren't related to the incident. And Acromas again consulted the independent engineer to decide if it was responsible for these repairs. But the engineer said the further diagnosis results weren't enough for him to decide whether the faults were incident or repair related. He said further inspection was required. The dealer's garage declined to undertake this. And I thought the claim then stalled and no further action was taken.

Six weeks later, Mr W learned that parts were no longer available. But it took a further three months for Acromas to respond to Mr W's complaint and make him an offer to resolve it.

Acromas didn't uphold Mr W's complaint about the faults to his car. Nor did it take responsibility for any rectification work. We're not engineers. We don't assess whether or how damage to a vehicle would be caused as this is a matter for the experts in these situations, the insurance companies and engineers. Our role in these complaints is to determine whether an insurance company has considered all the available evidence and whether it can justify its decision to not pay for additional repairs.

From what I could see, Acromas' senior engineer thought the problems were unrelated to the incident or the repair. The independent engineer thought they may be related but further investigation was required. The dealer's garage declined to undertake this. And Acromas didn't look for another option. So I couldn't say that Acromas had justified its decision not to take responsibility for these faults.

But it was now too late for this to be rectified as the parts were no longer available. Acromas had provided Mr W with an offer to write off his car and pay him a settlement of its valuation less the policy excess. And he could buy back the salvage if he chose to do so.

As the car can't now be repaired, I thought Acromas' offer to write it off was fair and reasonable. I could see that the valuation it offered was in keeping with the independent engineer's valuation at the time of the car's loss. But I could see that Mr W paid his policy excess after the repairs were made. And so I didn't think it was fair or reasonable for Acromas to require him to pay this again for the same claim.

Also, I thought Mr W had been without his car for some time. From what I could see, Acromas provided Mr W with an equivalent replacement so that he could go on holiday and it kept him in hire whilst it investigated the claim. And so I thought it kept Mr W mobile.

But I thought Mr W had lost out if he now wanted to buy a replacement car. And I thought his car was likely to have deteriorated after being kept in the dealer's yard for a year. So I thought Acromas should reasonably add interest to its settlement offer from the date it was

told the replacement parts were no longer available, 1 December 2021, to the date of settlement.

Acromas accepted that it had caused avoidable delays in the claim, that its communication with Mr W had been poor and that its level of service had been wanting. It offered Mr W £500 compensation for this.

But I thought this wasn't sufficient in the circumstances. I thought Mr W could reasonably have expected his car to be fully repaired in the first instance. I thought Acromas hadn't justified its decision that it wasn't responsible for further repairs. I thought it'd caused Mr W considerable stress, trouble and upset for over a year through its poor communication and level of service. And so I thought it should increase its offer of compensation to £750. I thought this was in keeping with our published guidance for the impact the matter has had on Mr W.

Mr W raised further concerns about how his car was returned to the approved repairer by the dealer's garage. But I couldn't consider that here as this occurred after Acromas responded to his complaint. Mr W would have to raise this with Acromas first to give it a chance to respond. If he remains unhappy, he can bring his complaint to us.

Subject to any further representations by Mr W or Acromas, my provisional decision was that I intended to uphold this complaint. I intended to require Acromas Insurance Company Limited to pay Mr W £4,840 in settlement for the total loss of his car, less a deduction for salvage if he accepted the option of retaining the car, adding interest to this amount. And to pay Mr W £750 (in total) compensation for the distress and inconvenience caused by its handling of his 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.

Mr W replied that he reluctantly accepted my provisional decision in order to close the matter. He also said he was unhappy with the deduction that Acromas had made from the settlement for the car's salvage. But this isn't something that I can consider here, and Mr W will first have to raise this with Acromas to give it a chance to respond.

Acromas replied that it has now paid a settlement to Mr W minus the policy excess and retention value. But, as I said above, I can see that Mr W has already paid his policy excess once for this claim and I don't think it's fair for Acromas to deduct it a second time. So I require it to reimburse this amount.

Acromas also said that it had kept Mr W in hire until recently when this should have ceased a week after it made him the offer to write off his car. It said it hadn't made payment then as Mr W didn't accept its offer. And I agree that Mr W could have accepted the offer as an interim payment whilst his complaint was being considered by this service.

And so I think interest should be added to the settlement from the date it should have been written off until the date the settlement could have been made (2 June 2022). Mr W and Acromas have been given opportunity to comment on this point but haven't raised objections.

Acromas thought £500 compensation and a hire car for an extended time was fair compensation for the delays in the claim. But I disagree for the reasons I've given above. And I think Acromas should increase its offer of compensation to £750.

### **Putting things right**

I require Acromas Insurance Company Limited to do the following:

1. Pay Mr W £4,840 in settlement for the total loss of his car, less a deduction for salvage if he accepted the option of retaining the car, but without a further deduction for the excess. Interest should be added to this amount at the rate of 8% simple per annum from the date the car should have been written off (1 December 2021) until the date of offered settlement (2 June 2022)†.
2. Pay Mr W £750 (in total) compensation for the distress and inconvenience caused by its handling of his claim.

†If Acromas considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Acromas Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N and Mr W to accept or reject my decision before 14 November 2022.

Phillip Berechree  
**Ombudsman**