

The complaint

Mr T complains that Trinity Lane Insurance Company Ltd ("Trinity") haven't fairly settled a claim on his motor insurance policy.

What happened

The circumstances of this complaint are well known to both parties and largely not in dispute, so I'll only summarise them here.

- Mr T owns a car that was manufactured in the early 1990's and tells us it is insured as a "classic car" with an agreed value.
- In December 2021 Mr T's car suffered damage in an accident and he made a claim on his policy.
- Trinity arranged for a garage to assess the damage and it said the car could be repaired, but it couldn't source the parts required to carry out the repairs.
- Trinity tried a number of other specialist repairers, and they were also unable to carry out the repairs due to being unable to source spare parts. So it offered Mr T a cash payment of the amount it estimated the repairs would cost.
- Mr T was unhappy with this. He felt that as Trinity were unable to repair the car it should treat the car as a total loss and pay him the agreed value of the car. And he complained to Trinity.
- Trinity maintained its position, saying its offer was in line with the policy terms and conditions.
- Mr T remained dissatisfied and brought his complaint to this service.
- Our investigator upheld the complaint. He acknowledged the car was repairable if the parts were available, but he didn't believe they were available and none of the repairers Trinity had approached had been able to carry out the repairs. And based on what Trinity had evidenced, he didn't believe it had shown Mr T where he could source the parts from himself. So he wouldn't be able to arrange the repairs.
- The investigator didn't feel it was fair for Trinity to rely on the terms and conditions of the policy. Or for Mr T to wait an unspecified time for parts to become available and be without his car during this period.
- Trinity disagreed and asked that an ombudsman decide the case.

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 agree with our investigators view, and largely for the same reasons.

In response to the view Trinity have referred to another case which it says is similar but has a different outcome. The case referred to wasn't decided by an ombudsman and has several differences to the case I have to decide.

At the heart of this complaint is damage to Mr T's car that hasn't been repaired. Trinity has approached a number of repair outlets, who've all reached the same conclusion despite conducting searches, including for second-hand parts. That conclusion is the parts are not available, or it may be some time before the parts become available. So it has offered a cash settlement in lieu of repairs.

In the circumstances of this case I'm not satisfied that a cash in lieu of repairs settlement is fair and reasonable. Mr T will not be able to arrange repairs himself. Effectively the car cannot be repaired, or cannot be repaired in a reasonable timeframe, as the parts are not available. And if a car cannot be repaired it's reasonable for it to be deemed a total loss. So in this case I find it reasonable the agreed value should be used as the basis for settlement.

Options such as the bespoke manufacture of replica parts haven't been considered. It's likely the cost of this would exceed the agreed value of the car, and it wouldn't be reasonable to expect Trinity to incur costs beyond the agreed value, indeed the car would be deemed a total loss in such a situation. To be clear I'm not suggesting bespoke parts should be made, simply illustrating that that to all effects the car cannot be repaired.

Trinity has relied on the policy terms and conditions, one of which sets out if the vehicle is damaged and a part cannot be repaired or replaced it will only pay the amount in the manufacturers list price. I've considered this carefully. And on balance I'm satisfied if Trinity can't source parts and they are unavailable, or unlikely to be available for some time as is the case here, then it's unlikely Mr T will be able to source them either. Which means he will be unable to arrange repairs to his car. In the circumstances of this case I find the application of the term is unfair on Mr T as the policy doesn't do what it's intended for, that is put him back in the position he was in directly before the accident.

Our investigator recommended Trinity should pay Mr T £200 for the inconvenience caused by having to chase the claim and make enquiries. I think that's a fair and reasonable amount, and in line with what I'd require in these circumstances.

Putting things right

As Trinity has been unable to repair the car it should treat the claim as if it were a total loss and use the agreed value of the car as the basis for settlement, taking into account the remaining terms and conditions of the policy including any excess applicable.

Further it should pay Mr T £200 for the inconvenience caused.

My final decision

I uphold the complaint and require Trinity Lane Insurance Company Ltd to settle the claim using the agreed value, taking into account the remaining terms and conditions of the policy. And pay Mr T £200 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 12 December 2022.

Martyn Tomkins
Ombudsman