

The complaint

Mr S complains about how U K Insurance Limited trading as Direct Line (UKI) handled a claim under his motor insurance policy for the theft of his vehicle's alloy wheels.

Any reference to UKI in this decision includes their agents.

What happened

In May 2022 the four alloy wheels on Mr S's vehicle were stolen. The vehicle was at Mr S's home and was left standing on blocks. Mr S contacted UKI to report the theft and lodge a claim. UKI arranged for the vehicle to be taken to a storage depot. The vehicle remained at the depot while UKI arranged for it to be collected and taken to an allocated repairer for the wheels to be replaced. However, the agents sent to collect the vehicle didn't have the necessary equipment to move a vehicle with missing wheels.

The first repairer to where the vehicle was eventually taken were 'de-instructed' by UKI and the vehicle taken to a second repairer. However, they told Mr S they were fully booked and couldn't carry out replacement of the wheels. Unhappy at this, and the time being taken for replacement wheels fitted, Mr S raised his concerns with UKI and asked them to take his vehicle to a main dealer of the vehicle make (who originally supplied the vehicle). UKI agreed, but it took some time for this to happen. Once at the dealer, the wheels were replaced within 48 hours.

Mr S was unhappy it had taken nearly two months from the date of the theft for the wheels to be replaced. He was also unhappy that during the period, he'd been provided with a hire car too small to carry his bike (as his vehicle was able to do). So, he complained to UKI. He wanted them to pay the £875 excess on his claim for the stolen wheels (as a goodwill gesture for the delays and inconvenience he'd suffered).

UKI partially upheld the complaint. UKI apologised for one repairer having to decline the repair job because of capacity issues and the impact it had on Mr S. UKI also apologised for the delays in Mr S's vehicle being collected to be taken for repair. However, UKI didn't uphold the part of complaint about the size of hire car, saying Mr S's policy included the guaranteed hire car option that would supply a small hatchback type car (not a 'like for like' car of similar size to Mr S's vehicle). However, UKI note the hire car had been upgraded to a larger vehicle than provided for under the policy terms. To make up for the time the claim was taking (and Mr S had to call UKI back as his hire car hadn't been upgraded as he'd expected) UKI offered Mr S £350 in compensation.

Mr S then complained to this service. He was unhappy at the delays in replacing the wheels, meaning it had been nearly two months from the date of the theft to his collecting the vehicle following the wheels being replaced. During the period he was without his vehicle, he'd had to pay the finance costs (more than £1,000 a month) as well as insurance and road tax. He'd also had to pay for fuel for the hire car – whereas his vehicle was a hybrid and generally was able to run it on electric charge. He'd also had to borrow a friend's car to go to cycling events, as he couldn't fit his cycle in the hire car(s). He didn't think the £350 compensation offered by UKI (plus an additional £50 for delay authorising the repair of his vehicle at the

dealer) was sufficient for the delays and inconvenience he'd suffered. He was also unhappy at the number of calls he'd had to make to UKI to find out what was happening with his vehicle and the reasons for the delays. He wanted UKI to (at least) pay the £875 excess he'd have to pay under the terms of his policy.

Our investigator upheld the complaint in part, concluding UKI hadn't acted fairly. He thought there were avoidable delays in handling of the claim, including vehicle collection, appointment of a repairer and authorising the replacement of the wheels. On the hire car, the investigator thought provision was in line with the terms and conditions of the policy. He thought the £50 compensation (for appointing an engineer and authorising the replacement wheels) and £350 compensation (for claim delays) was reasonable. On the finance, insurance and road tax costs of Mr S's vehicle, the investigator thought Mr S would have needed to incur these costs in any event, so UKI shouldn't reimburse them. On the policy excess, he thought this was a contractual part of the policy, which Mr S had accepted when taking out the policy, so he didn't think UKI should reimburse the sum. But given the significant delays in the handling of the claim, he thought it would be fair and reasonable for UKI to reimburse the fuel costs incurred by Mr S (given he wouldn't have had to incur these costs for his own vehicle, as it normally ran on electric charge).

UKI disagreed with the investigator's view and asked that an ombudsman review the complaint. On the reimbursement of fuel costs, they said Mr S would have had to pay to charge his vehicle, so they didn't think they should bear the full costs of the fuel for the hire cars. The policy wording also didn't provide policyholders with timescales for repairs, so any covering of fuel costs should be from the point delays started (not the entire time of the claim (from the theft to the return of Mr S's vehicle). And they'd factored this in when offering compensation to Mr S. They also said that while the policy provided for a hire car, it didn't extend to the costs associated with using that car (including fuel). And they'd upgraded the hire car in response to Mr S's request.

In my findings, I agreed with the conclusions of our investigator with the exception of the question of reimbursement of fuel costs. I thought about the points carefully, including those raised by UKI in response to our investigator's view. On balance I agreed with UKI. Even if Mr S only used his vehicle on electric power (not powered by the conventional engine) he would have incurred costs in charging the vehicle (whether at home or at public charging points). And the policy didn't provide cover for the costs of fuelling a hire car (nor did it require UKI to provide a direct (hybrid) hire car). And as Mr S was provided with a small hatchback type car under the terms of the policy, I thought any additional fuel costs would have been marginal (particularly as it appeared he was abroad for some of the period).

Because I reached a different conclusion on the reimbursement of fuel costs to that of our investigator, I issued a provisional conclusion to give both parties the opportunity to consider matters further. This is set out below.

What I've provisionally decided – and why

My role here is to decide whether UKI has acted fairly towards Mr S. The key issue in Mr S's complaint is the time taken for his claim to be dealt with (and consequently the length of time he was without his own vehicle following the theft of the wheels). In total. From the theft of the wheels in May 2022 through to the return of his vehicle with replacement wheels, the period was just under two months. Mr S says the delays meant he was without his vehicle for this time, which in turn led to inconvenience and additional costs (which I'll come on to). UKI acknowledge there were delays in handling his claim and having replacement wheels fitted. In recognition of this, they've offered a total of £400 in compensation (£50 and a further £350).

On the key issue of delays, looking at the sequence of events, it's clear there were delays in replacing the wheels on Mr S's vehicle. These included delays caused by the agent taking the vehicle to an approved repairer not having the right equipment to move a vehicle without its wheels. Delays were also caused by the first repairer (to the extent UKI then assigned the vehicle to a second repairer, only for them to be unable to do the work because of capacity issues). It was only when Mr S got UKI to agree to take the vehicle to the main dealer that replacement wheels were fitted (and the vehicle returned to Mr S).

These delays were avoidable, and I think it's clear Mr S was without his vehicle for longer than he should have been (which in turn led to the other issues of the complaint, which I'll come onto). These delays caused inconvenience to Mr S, compounded by his having to contact UKI on many occasions to find out what the position was with his vehicle, and what was happening. UKI have acknowledged the delays and their impact and have offered a total of £400 in compensation. I've thought carefully about the impact of the delays on Mr S, particularly the distress and inconvenience they will have caused him (including having to make several calls to find out what was happening). In the circumstances of the case, I think UKI's offer of £400 compensation is fair and reasonable for the distress and inconvenience caused to him.

Turning to the other issues raised by Mr S, including what he maintains are additional costs he's had to bear, I think there are several issues. First, during the time he was without his vehicle, he'd paid the finance costs (more than £1,000 a month) as well as insurance and road tax. I can understand why Mr S feels he should be compensated for these, as he wasn't able to use his vehicle. However, he would have had to incur these costs in any event, so I don't think it's reasonable for UKI to reimburse them. His vehicle would always have been unavailable to him whilst in for replacement of the wheels, and I've considered the issue of inconvenience when thinking about what would be fair compensation.

Second, he'd only been provided with a small courtesy car, meaning he couldn't fit his cycle into it. UKI say the policy terms and conditions mean a hire car is provided when a vehicle is in for repair – but as standard the policy wording says this is limited to:

“...a small hatchback, so may not be of a similar size or style to your car.”

The policy includes an option to take out a higher grade of hire car cover (to provide a hire car of similar physical size to the policyholder's car) but Mr S hadn't taken up this optional cover. Given this, I've concluded UKI acted in line with the terms and conditions of the policy in providing a basic hire car. I've also noted Mr S was provided with an upgraded hire car (although still not comparable with his vehicle).

Third, Mr S wants UKI to reimburse (or not charge) the policy excess (£875) due under the terms of the policy. I've thought about this, but I don't think it would be reasonable to ask UKI to do this. That's because the excess is a contractual part of the policy Mr S took out (and for which he paid the relevant premium). Irrespective of the delays in handling his claim, he would always have had to pay the excess as part of the settling of the claim – even had the claim been settled (and his vehicle returned) more quickly than it was.

Fourth, there's the question of the fuel cost of the hire car provided by UKI. Mr S says he had to pay for fuel for the hire car, whereas his vehicle was a hybrid – and he normally was able to drive it on electric charge only (so didn't need to pay for fuel). UKI say the policy provides a hire car while a policyholder's vehicle is in for repair, but it doesn't cover the costs of fuel (on the basis a policyholder would otherwise have had to pay for fuel for their own vehicle). UKI also say, even accepting Mr S had a hybrid vehicle, he would have had to pay to charge it. So, it isn't reasonable to ask them to pay for fuel costs for the hire car (or at least not for the whole time Mr S was without his vehicle).

I've thought about these points carefully, but on balance I agree with UKI. Even if Mr S only used his vehicle on electric power (not powered by the conventional engine) he would have incurred costs in charging the vehicle (whether at home or at public charging points). And the policy doesn't provide cover for the costs of fuelling a hire car (nor, given what I've said about the type of hire car the policy terms provide, does it require UKI to provide a direct (hybrid) hire car). And given Mr S was provided with a small hatchback type car under the terms of the policy, I think any additional fuel costs would have been marginal (particularly as it appears he was abroad for some of the period).

My provisional decision

For the reasons set out above, my provisional decision is that I uphold Mr S's complaint in part. I intend to require U K Insurance Limited trading as Direct Line to:

- Pay Mr S £400 in compensation for distress and inconvenience (assuming they haven't already paid it).*

UKI Insurance Limited trading as Direct Line must pay the compensation within 28 days of the date on which we tell them Mr S accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Mr S responded to accept the provisional decision. UKI responded to say they had no further comments to add.

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.

My role here is to decide whether UKI have acted fairly towards Mr S.

As Mr S has responded to accept the provisional decision and UKI say they have no further comments to add, then my final decision remains unchanged from my provisional decision.

My final decision

For the reasons set out above, my final decision is that I uphold Mr S's complaint in part. I require U K Insurance Limited trading as Direct Line to:

- Pay Mr S £400 in compensation for distress and inconvenience (assuming they haven't already paid it).

UKI Insurance Limited trading as Direct Line must pay the compensation within 28 days of the date on which we tell them Mr S accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 December 2022.

Paul King
Ombudsman