

The complaint

Miss R complains that QIC Europe Ltd (QIC) charged an excess fee and took a long time to repair her car following an accident claim she made, under her motor insurance policy.

What happened

In November 2021 Miss R was involved in a car accident. She contacted QIC and it informed her there was no record the third-party was insured. QIC accepted the claim and arranged for the repairs to be carried out to Miss R's car.

In December 2021 QIC emailed Miss R to say it had now found a record on the motor insurance database (MID) that the third party had cover in place. It told her it could now pursue a non-fault claim and could provide a hire car. It was later discovered that the third party's insurance wasn't in force until after the accident happened.

Miss R wasn't made aware the third party was uninsured until she went to collect her car from the garage. This was after the repairs were completed. She says the third party had offered to pay for repairs. If she'd known the excess wouldn't be recoverable when claiming through her policy, she would've accepted this offer.

Miss R says it took five months for QIC to arrange for the repairs. It then took a further month for this to be completed. She says the situation was very stressful and caused her to be admitted to hospital.

In its final complaint response QIC says it informed Miss R she would be responsible for the policy excess. When it ran a further check and found the third party had insurance, QIC says it didn't tell Miss R the excess fee would be waived. It says it authorised the required repairs in December 2021. Later in December, QIC says the third-party insurer advised there was no cover in place until after the accident.

QIC says Miss R's policy doesn't benefit from the "*uninsured driver's promise*". This means she's responsible for paying the policy excess. QIC says the repairs were delayed because of unavoidable issues caused by the coronavirus pandemic. It says her car was drivable despite the accident damage, and it provided a hire vehicle during the time it was being repaired. QIC says Miss R delayed the return of her car by a week as she refused to pay the policy excess.

Miss R didn't think it was fair that she had to pay the policy excess and wanted compensation for the delays and stress this caused her. She contacted our service and one of our investigator's looked into the matter. Our investigator upheld Miss R's complaint. She says QIC didn't inform her when it was later discovered the third party was uninsured. This deprived her of the opportunity to accept the third party's offer to pay the claim.

Our investigator says Miss R should be given the option to "*buy back*" the claim. This would mean QIC refunds the policy excess payment, reinstates any no claims discount, and records the claim as notification only on both internal and external databases. She also says QIC should pay Miss R £150 compensation. This for the upset it caused by not letting her

know sooner that the third party was uninsured.

Miss R accepted our investigator's findings. QIC didn't respond. As an agreement wasn't reached it 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.

Having done so I have decided to uphold Miss R's complaint. Let me explain.

I've listened to the call recording that took place after Miss R reported the accident to QIC. During the call its agent checks the MID and tells Miss R there is no record to show the third party is insured. The agent explains the repairs can be arranged through Miss R's policy, but she is responsible for the policy excess fee. The agent says this fee is payable to the garage, on completion of the repairs, in order for the car to be released back to Miss R.

During the call Miss R confirms her understanding and agrees for the claim to be progressed through her policy. She's told that if she can obtain proof of insurance from the third party, QIC can then contact the other insurer to pursue a non-fault claim.

I think it's clear Miss R understood a policy excess fee was payable. I can see that QIC tried to call Miss R later in December 2021 to tell her it had now found evidence of insurance. She didn't answer, so it sent an email. This says QIC was now able to pursue a non-fault claim against the third-party's insurer.

Further contact took place between QIC and the third-party insurer in December 2021. It was subsequently discovered that the third party wasn't covered until the afternoon on the day the accident had occurred. The accident took place in the morning. This meant the third-party wasn't insured for this loss after all.

Miss R says she wasn't made aware of this until she collected her car from QIC's repairer in April 2022.

We asked QIC when it had told Miss R about the third-party not being insured. It says it told her in April 2022. However, it's clear QIC was aware of this in December 2021.

I've thought about Miss R's comments that the third-party driver offered to pay for the cost of the repairs. Miss R says she didn't take up this offer as she was told a non-fault claim was being pursued by QIC against the third-party insurer. Her understanding was this meant she wouldn't be liable for the policy excess. As it turned out, she did have to pay the excess charge, which she could otherwise have avoided.

There was a delay of around a week before Miss R's car was returned to her. This is because she disputed paying the £200 excess fee to the garage.

I understand why Miss R is upset that she had to pay an excess fee as the accident wasn't thought to be her fault. However, although QIC did email her to say it would be pursuing a non-fault claim against the other insurer, it didn't say that no excess fee would be payable. The policy schedule confirms that a £200 excess fee is payable in the event of an accidental damage claim. This is payable regardless of fault. There is no guarantee that this will be refunded in the event of a non-fault claim. I can't see that QIC told Miss R otherwise.

Having considered this, I think QIC acted according to its policy terms when applying the

£200 policy excess. That said Miss R wasn't in an informed position. QIC knew the third party wasn't insured toward the end of December 2021. It didn't tell Miss R, which I think it reasonably should've. Had she known this she could've withdrawn her claim and accepted the third party's offer to pay for the repairs. This would've meant she didn't have to pay the policy excess and didn't have a claim recorded against her.

In these circumstances I agree with our investigator that it's reasonable to allow Miss R to "*buy back*" the claim. If she chooses to do this, it means QIC should record the claim as a notification only incident and refund the policy excess. It should also reinstate any no claims discount Miss R had prior the accident.

Miss R has been caused inconvenience and upset as a result of QIC's failure to reasonably inform her, in a timely manner, of the third-Party's lack of insurance. Because of this I think it's fair that it pays her £150 compensation.

I've thought about Miss R's dissatisfaction with the time QIC took to arrange and complete the repairs. The accident occurred at the end of November 2021. I can see the car was taken for repairs in mid-March 2022 and was available for collection around 25 days later. It wasn't collected for around a further week as Miss R disputed paying the policy excess.

In the call recording I listened to, QIC's agent explains to Miss R that repairers have been impacted by the coronavirus pandemic and also mentions issues caused by the weather. She tells Miss R that the repairers are "*playing catch up*" as a result of this.

In its submission to our service QIC says Miss R's car was drivable after the accident and that a car was provided for her whilst the repairs were ongoing in March and April 2022.

I can understand why Miss R was disappointed that it took several months for repairs to begin, and a further month to complete. However, I am aware that the motor industry has been impacted as a result of the pandemic. Global supply chain issues have created delays in repairs being carried out. QIC explained at the outset that there may be delays because of this. From its records it authorised the repairs shortly after Miss R made contact.

From what I've seen I don't think Miss R has shown the repairs could've been completed more quickly. I think it's likely that she would've faced similar issues had she arranged for the repairs herself. Because of this I don't think QIC treated her unfairly regarding the timeframe for the repairs.

In summary I don't think QIC treated Miss R fairly when it failed to update her when it knew the third-party was uninsured. Because of this it should give her the opportunity to buy back the claim. But I do think it acted fairly when arranging for repairs to be carried out.

My final decision

My final decision is that I uphold this complaint. QIC Europe Ltd should:

- allow Miss R to buy back the claim, if she does so it should refund the policy excess, amend its internal, and any external records, to show a notification only incident, and reinstate any no-claims discount; and
- pay Miss R £150 for the stress and inconvenience it caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 13 February 2023.

Mike Waldron
Ombudsman