

The complaint

Mrs M complains about how Accredited Insurance (Europe) Ltd settled a claim she made on her motor insurance policy following the theft of her car.

Reference to Accredited includes its agents.

What happened

Mrs M holds a motor insurance policy with Accredited. After her car was stolen, she made a claim. Accredited accepted the claim, and because the vehicle was leased, it settled the claim by settling Mrs M's finance agreement with the lease company.

Mrs M complained about this. She said she was initially told she'd receive the difference between the market value of the car and the amount left on the finance agreement.

Accredited said it did initially tell Mrs M this, but it corrected its mistake quickly. It didn't think it needed to do any more.

Mrs M wasn't happy with and brought her complaint to us.

One of our investigators thought Accredited needed to do more to put things right for Mrs M. He agreed it didn't need to pay the difference between the market value of the car and the outstanding finance. But he thought Accredited needed to cover some finance payments, because it took too long to settle Mrs M's claim.

Mrs M agreed with our investigator, Accredited didn't. So, the case has come to me to decide.

I issued a provisional decision saying I was minded to uphold the complaint for broadly the same reasons, but recommend Accredited do something slightly different to put things right.

That provisional decision said:

- *Mrs M's car was financed through a lease agreement. She never had right to title of the vehicle, and at the end of the agreement she'd need to have given the car back to the finance company. In these circumstances her policy says Accredited will "will pay the owner named in the agreement. When We have done this Our responsibility under the Contract will end." As Mrs M's loss was the amount outstanding on the finance agreement, not the value of the car, I'm satisfied Accredited did what it needed to by settling the finance agreement with the finance company.*
- *I've considered whether it would be fair for Mrs M to receive a pro-rata refund of the deposit she paid. But because she was so close to the end of the agreement, I don't think this is needed.*
- *I understand Mrs M was told she'd receive the difference between the amount outstanding on the finance agreement and the market value of her car. And I can*

understand how subsequently being told this wasn't the case would be disappointing. But I'm satisfied Accredited corrected its error reasonably quickly and don't find that any compensation is due for this.

- But I do think Mrs M is due some more money on this claim. This is because the claim is settled when Accredited pay the finance company. Until it pays the finance company, Mrs M is still contractually obliged to make payments to it herself. So, the longer Accredited takes to pay the claim, the more Mrs M has to pay, and the less Accredited has to. Our investigator recommended Accredited refund Mrs M any amount she paid to the finance company following the date of the incident. But I'm recommending something slightly different.*
- I think it's reasonable Accredited took some time to investigate the claim. It didn't know at the time of loss whether it would even be paying the claim. And it didn't know what the value of the car was. So, I think it should be allowed some time to investigate and validate the claim. Generally speaking, I think a reasonable amount of time is roughly a month (without other reasons which may legitimately prolong a settlement). Here, Accredited had valued the car, accepted the claim and agreed a settlement value within three weeks of the claim being made. So, allowing for a further week to settle the claim with the finance company, I think the claim should have been settled within four weeks of it being made.*
- The claim was made on 8 March 2022, so following the above I think it should have been settled by 5 April 2022. Therefore, any payment made to the finance company after 5 April 2022, up to the point Accredited settled the claim, should be returned to Mrs M.*

To put things right I recommended that Accredited:

- Pay Mrs M any payment she made to the finance company in relation to the contractual monthly payments toward the lease of her vehicle between 5 April 2022 and the date Accredited settled the agreement with the finance company. Any payment should also include 8% interest to be calculated within the same time period.*

Mrs M agreed with My provisional decision. Accredited pointed out that they asked Mrs M for some documentation needed to settle the claim on 29 March 2022 but didn't receive it until 18 May 2022. So, it says it doesn't agree that it's responsible for the delay. But it's agreed to settle the complaint as recommended in my provisional decision.

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, as both parties agree to the resolution proposed in my provisional decision, I see no reason to change it.

My final decision

For the reasons set out above, I uphold this complaint. To put things right Accredited Insurance (Europe) Ltd need to:

- Pay Mrs M any payment she made to the finance company in relation to the contractual monthly payments toward the lease of her vehicle between 5 April 2022

and the date Accredited settled the agreement with the finance company. Any payment should also include 8% interest to be calculated within the same time period.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 23 February 2023.

Joe Thornley
Ombudsman