

The complaint

Mr R1 and Mr R2 complain that the telematics box provided by Tradex Insurance Company Limited for their commercial motor insurance policy caused damage to their car, a taxi. They want compensation for the damage this caused and their consequent loss of earnings. Mr R2 is a named driver on his son's policy and represents them in this matter.

What happened

Mr R1 and Mr R2 took out a policy with Tradex that required them to install a telematics box in their taxi. Immediately afterwards, they noticed problems with the power steering that resolved when Mr R2 removed the box. A garage tightened a fuse and said the box had been installed too close to the power steering ECU. Mr R2 thought the box had caused the issues and lost them work. So they complained to Tradex. Tradex's technician reviewed the garage's reports, but it didn't find any relationship between the box and the problem with the power steering.

Our Investigator recommended that the complaint should be upheld. She thought Mr R1 and Mr R2 were required to self-install the box. But she thought the instructions provided gave the impression that the box should be installed professionally. And she thought the problems with the power steering had occurred during or because of the installation.

So she thought that but for the installation of the box, Mr R1 and Mr R2 wouldn't have suffered any of the problems they experienced. She thought Tradex should reimburse the costs of the diagnostics, with interest, compensate them for their loss of income, with interest, and pay them £100 compensation for their trouble and upset.

Tradex didn't respond to the Investigator's view, so the complaint has come to me for a final 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.

Mr R1 and Mr R2 have also complained that they weren't given information about other policies that didn't require a telematics box. But, as our Investigator has explained, this was the responsibility of their broker, not Tradex. And as that's a separate business, I can't consider that here.

So I've looked at whether the installation of the telematics box damaged Mr R1 and Mr R2's taxi and caused them a loss of earnings. As our Investigator has already explained, 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 about repairs. And I don't think Tradex has done this on this occasion. I'll now explain why I think this.

Tradex sent Mr R1 an installation kit and instructions for him to install the telematics box on the car's battery himself within 14 days. There wasn't an option for a professional installation.

I've looked at the instructions and note that they refer to "installation staff" and that the box needs to be installed in a "workmanlike manner". The instructions are generic and don't take into account different makes and models of cars. They also warn that the box must be installed more than half a metre from the car's ECU.

But, unbeknown to Mr R1, his car had three ECU's, including one for the power steering. Tradex itself told us that some customers have the boxes installed with mechanical advice. So I'm not satisfied that it was reasonable for Tradex to expect the box could be successfully installed by an ordinary consumer.

Mr R2 said the power steering was fine prior to the installation of the telematics box, and I have no reason to doubt him. He said immediately afterwards there was an issue. A very short time later, the car was rendered undriveable. Once the box was removed, the steering was fine again, but the engine management light remained on.

Mr R2 then took his car to his garage where the manufacturer advised on how to reset the warning light. Mr R2 showed the engineer where the box had been placed. He was told it was too close to the power steering ECU. Mr R2 had located the main electrical ECU and ensured the box was placed more than half a metre away. But I'm not satisfied that the instructions made clear that cars could have more than one ECU.

The engineer said there was a loose fuse, which he tightened. But I can't see that this was associated with the power steering. And he didn't reinstall the box, at Mr R2's request. His report doesn't state that the box caused the problem with the power steering. This was also noted by Tradex's technician. But the technician also said:

"...the telematics boxes, do not cause any problem to the vehicles, as long as they are installed to perfection in the vehicles, complying with the installation directions."

I think the instructions imply that professional installation is required. And from the technician's comment, I'm not satisfied that they were clear enough to enable an ordinary consumer to follow them with the accuracy required. And so I'm not satisfied they enable a proper self-installation without the risk of damaging the car.

The power steering issue followed the installation and was corrected when the box was removed. So I think it's reasonable to conclude that the power steering issues were caused by or during the installation of the box.

But for the self-installation, I'm satisfied Mr R1 and Mr R2 wouldn't have had to pay for the car's health check at the garage, they wouldn't have lost work opportunities, and they wouldn't have been caused trouble and upset. So I think Tradex should reasonably reimburse their costs, recompense them for lost earnings (with interest as they have been without their money for some time) and pay them compensation.

Our Investigator recommended that Tradex should pay Mr R1 £100 compensation. I think that's fair and reasonable as it's in keeping with our published guidance for the level of impact the error caused.

Putting things right

I require Tradex Insurance Company Limited to do the following:

1. Reimburse Mr R1 and Mr R2 the cost of the diagnostics check, adding interest at the rate of 8% simple per annum from the date of payment to the date of settlement†.
2. Compensate Mr R1 and Mr R2 for any loss of income they can evidence they would otherwise have received on the days the vehicle was faulty, adding interest at the rate of

8% simple per annum from the date of payment to the date of settlement†.

3. Pay Mr R1 £100 compensation for the distress and inconvenience caused by not providing professional installation of the box at the policy's inception

†If Tradex considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R1 and Mr R2 how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they 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 Tradex Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R1 and Mr R2 to accept or reject my decision before 20 March 2023.

Phillip Berechree
Ombudsman