

The complaint

Mrs P complains that Tesco Underwriting Limited didn't provide her with the courtesy car she was entitled to following a claim made on her upgraded courtesy car motor insurance policy.

What happened

Mrs P was involved in an incident, and she made a claim to her motor insurer. The insurer acted as an agent for Tesco in administering courtesy car provision for Mrs P. There was a 17 day delay in a replacement car being provided. Mrs P explained that she worked unsocial hours, and this caused her difficulties. Tesco didn't respond to her complaint at the time.

Our Investigator recommended that the complaint should be upheld. He thought Mrs P was entitled to a courtesy car within 24 hours if her car was unroadworthy, as it was following the incident. He saw that Mrs P wasn't provided with a courtesy car until 17 days after this period. So he thought Tesco should pay Mrs P £170 for her loss of use and £200 compensation for the trouble and upset caused.

Tesco replied that the other insurer was responsible for the lack of provision of the replacement car. It asked for the complaint to be reviewed by an Ombudsman, so it's 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.

Tesco explained that it wouldn't be involved in the provision of a replacement car. It said the organisation and provision of a replacement car was the other insurer's responsibility. The car provider would then send the invoice to Tesco for payment.

But Tesco agreed that it was the underwriter for the upgraded courtesy car policy, and I can see that this is stated on the policy documents. It said it set the terms, conditions, restrictions and limitations of the cover, but the other insurer was responsible for organising it. So I think the other insurer was acting as Tesco's agent in handling a claim.

In keeping with the relevant regulations, the upgraded courtesy car policy's insurer, Tesco in this case, is responsible for claims. This is even where an agent is acting on its behalf. Therefore I'm satisfied that Tesco is responsible for its actions and the complaint is correctly set up against Tesco.

Mrs P has explained that she left without a car over the holiday period when she had planned social activities and work commitments. She said that being without a car at this time caused her and her family great inconvenience.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

The relevant policy wording for the upgraded courtesy car cover in the policy booklet under "What is covered" states:

“If the car has been stolen or is unroadworthy (as established by our vehicle supplier), we aim to provide a replacement vehicle within 24 hours for a standard car.”

Mrs P's car was unroadworthy and she had a standard car. But Mrs P wasn't provided with the courtesy car she was entitled to under her policy until 17 days after the first 24 hours. Our approach is that where there has been a loss of use that means a consumer is immobile we consider a payment of £10 a day to be reasonable. So I'm satisfied that Tesco should pay Mrs P £170 compensation for her loss of use.

Mrs P has explained the considerable upset and trouble being without a car caused her at an important time. Our Investigator recommended that Tesco should pay her £200 compensation for this. I think that's in keeping with our published guidance for the level of impact Tesco's errors caused over two weeks and the trouble Mrs P had in seeking a resolution. So I think that's fair and reasonable.

Tesco said it didn't have the facility to carry out the redress I've decided. But it isn't my role to advise Tesco on how to manage its financial arrangements.

Putting things right

I require Tesco Underwriting Limited to do the following:

1. Pay Mrs P £170 compensation for the loss of use of a car for 17 days.
2. Pay Mrs P £200 compensation for the distress and inconvenience caused by its handling of her claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Tesco Underwriting Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 24 March 2023.

Phillip Berechree
Ombudsman