

The complaint

Mr L complained about how U K Insurance Limited trading as Churchill UKI handled his claim under his motor insurance policy and left him driving without insurance.

What happened

Mr L's car was damaged in an accident and UKI decided that it was uneconomical to repair. They paid him its market value in settlement of his claim.

Mr L was unhappy that UKI then terminated his insurance without telling him, as he'd kept his car and was still driving it. If he had been found driving without insurance, it would have been very serious, and he didn't feel that UKI's compensation reflected that. He was also unhappy with UKI's delays and poor communication, with their valuation process, and with what he felt was their failure to offer him a suitable courtesy car and to give him the correct premium refund.

UKI accepted their communication was poor, they hadn't met the timescales they should have, and that they hadn't warned him about terminating his insurance. They offered him compensation of £350 overall. But UKI said that he was only entitled to a basic courtesy car and not a like for like one with his own car, and he wasn't due a premium refund.

The investigator partly upheld the complaint because he thought they hadn't treated Mr L fairly in some but not all of these issues. He thought UKI should increase their compensation to £500. Mr L didn't agree with the recommended compensation and so the complaint 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.

UKI accepted that after Mr L reported his claim, UKI didn't call him back as they said they would, and this caused delay at the start of his claim.

Valuation process

Mr L wasn't happy that he'd been given one settlement offer for his car's market value at first, and then UKI later increased it, both without inspecting his car first. But UKI have explained that they were waiting for photos of his car from Mr L's garage first, and I can see from UKI's file that they had tried to contact his garage several times for these photos earlier but hadn't received a response. So I don't think that UKI were at fault for that. And even if this did delay the final settlement offer that Mr L agreed, I don't think that delay was unreasonable overall. We don't think it's essential for an insurer to do a physical inspection of a car if it has garage photos, so it wasn't unreasonable for UKI's engineers to assess the car that way.

Courtesy Car

Mr L said UKI offered him only a small hatchback type courtesy car, rather than one like for like with his own car. It had heated seats which he said eased his health symptoms, and so he declined this. But he found out later that he could have had a better car.

It's not clear why he thought that. It's possible that a better car was available under a credit hire option that Mr L was offered but didn't accept. But what matters is what Mr L's policy entitles him to. Page fourteen says that a courtesy car will be a small hatchback and may not be of a similar size or style as his car. Like for like was an optional extra but not one he'd paid for.

In any event, as UKI had told him, and as the policy confirms at page eight, a courtesy car would only be available while his car was being repaired. But his car wasn't repaired because UKI decided that it wasn't repairable and declared it a total loss. So he wasn't entitled to a hire car at all in those circumstances.

Premium refund

UKI thought he had been charged twice for protected no claims bonus, but UKI said otherwise and thought that no premium refund was due. The investigator has looked into this and considered that the only refund due to Mr L is for the period of when he was without insurance. He has calculated from C's policy documents that represented £11.38 and I understand that UKI had now paid that to Mr L.

Driving without insurance

Mr L said that UKI's engineer offered him a settlement amount, but he rejected it. He was waiting to hear from another UKI engineer when he received a cheque from UKI for that amount, and a call from a salvage company about them taking his car away. He told UKI he had rejected it and wanted to keep his car.

So he was unhappy when he then received a letter from UKI, dated about a week earlier, saying they'd terminated his insurance. This meant he'd driven without insurance during that time.

Although UKI did later reinstate his insurance, in the meantime Mr L had to walk or use public transport to get to work. Both were inconvenient for him because he said he had knee arthritis and found walking painful and because public transport was not as available around his working hours. I see from their file that UKI did offer Mr L a hire car until they could reinstate his insurance, and it's noted that he didn't want to accept that, but not why. But I think it understandable that by this stage Mr L's main focus was on being able to keep driving his own car, which was better for him due to his health issues.

UKI said that they had terminated his insurance because they had settled his total loss claim by paying him its market value. That's normal insurance practice and we don't think it's unreasonable, even if Mr L doesn't agree the settlement amount, as by paying the interim settlement they discharged their liability under the policy.

But Mr L didn't know that, and UKI hadn't warned him that his insurance would terminate. As far as he knew, he was still negotiating with them about the settlement and wanted to keep his car until he'd agreed that. UKI knew that he had kept his car, as he was entitled to do with their agreement. He was still driving it and I think UKI should have considered that. So I

think it was unreasonable for them not to warn Mr L that his insurance would terminate on settlement, and I think they should compensate him for that.

Mr L thinks that the overall level of compensation of £350 offered for this and the other mistakes UKI accepted doesn't reflect the gravity of what UKI did, and that he'd received more compensation from another insurance claim for something less important. But as the @ explained, we can only look at this complaint.

I can see why he thinks that UKI should be punished for causing him to drive uninsured. But as the @ has explained, it's not our role to punish or fine businesses as we don't monitor or regulate them. That's the role of the regulator, the Financial Conduct Authority (FCA). Instead we look at individual complaints and decide whether a business has acted fairly and reasonably.

I can also understand Mr L's shock to discover that he had been driving without insurance, as there are potentially very serious consequences of that if he had been stopped by the police or been in an accident. It's very fortunate that these things didn't happen. Nevertheless, they didn't, and I can't require UKI to compensate him for them as if they did.

However I do think that UKI should have done more earlier to ensure that Mr L was still insured. Taking into account the above effect on Mr L of not being able to use his car, I don't think the £350 compensation was enough, and I do think that £500 better reflects the inconvenience he experienced. So I think that UKI should pay him £500 in total.

My final decision

For the reasons given above, my final decision is that I uphold the complaint. I require U K Insurance Limited trading as Churchill to do the following :

- Pay Mr L £500 in compensation for the distress and inconvenience their actions have caused him. This is less any compensation amount which UKI have already paid him and which he has accepted.

UKI must pay the compensation within 28 days of the date on which we tell them Mr L 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 L to accept or reject my decision before 28 April 2023.



Rosslyn Scott
Ombudsman