

## **The complaint**

Mr and Mrs R have complained about their commercial vehicle insurer Allianz Insurance Plc as they believe an error by it, following the conclusion of a previous claim they made to it, caused them financial loss.

## **What happened**

Mr and Mrs R damaged a piece of equipment which attaches to a vehicle they use in their business, which is insured by Allianz. The vehicle itself was not damaged and Allianz accepted the claim for the damaged equipment, which it viewed as a total loss, beyond economic repair. The claim was settled in around February 2021.

In around June 2021 Mr R told Allianz that a salvage company was trying to take his vehicle away. He told Allianz he had already disposed of the damaged equipment. Allianz told the salvage company there was no salvage to collect.

In September 2021 Mr and Mrs R were updating some details with the DVLA about the vehicle. The DVLA wrote to Mr and Mrs R on 7 September 2021 stating they should not be using the vehicle, that it had been written off as a total loss. This meant they could not use the vehicle on public roads and that they, therefore, could not access all of their land. The vehicle was used to carry out various important work on the land, in line with their business, some of which had to be done at certain times in order to comply with Regulations. Other work was crucially time specific to enable long term business plans to be met. Mr and Mrs R were very worried about how they would manage without being able to use the vehicle on the road. Upon notification of the problem by Mr and Mrs R, Allianz, on 14 September 2021, said it would resolve things within a few days. By 20 September 2021 the matter was not resolved and Mr R told Allianz he then could not find another vehicle to use in the meantime. Mr R was meant to travel for business around this time but put the trip back by a week because of everything that was going on.

Upon Mr R's return the problem with the vehicle was still not resolved – and nor had Allianz come up with any short-term solution to the problem. Allianz said it could hire a vehicle for a while – but they were still in short supply and when one was found, the costs weren't approved in time by Allianz. Mr R asked if Allianz would let him buy a vehicle and then take it from him when his was back on the road, Allianz said it couldn't do that. Allianz said all it could do would be to keep the vehicle showing as a total loss but settle with Mr R for its value, less an amount for him keeping it. Allianz felt the systems would update quicker that way, allowing the vehicle to be road legal sooner. Mr R was not happy with that suggestion.

Eventually, on 16 November 2021, the vehicle was updated on the DVLA system to show it was not a total loss. Meaning the vehicle could be used again on the road. Mr and Mrs R had asked Allianz for compensation – not least because the autumn months are a crucial time for their business and the massive disruption this had caused. Allianz said as it had been prepared to provide a hire vehicle for two weeks, it would pay them the cost it would have incurred for that – £4,116. Mr and Mrs R said if things were looked at on a hire basis – they should have been put in hire the moment it was known their vehicle couldn't be used due to Allianz' error, and remained in hire until the issue was resolved. They said that would

amount to around £20,000. As Allianz was not prepared to increase its offer of settlement, Mr and Mrs R complained to the Financial Ombudsman Service.

Our Investigator initially felt that £4,116 was a fair and reasonable offer by Allianz. But upon review, he felt Allianz should be paying the equivalent of hire costs for the whole period. Allianz however was not happy to agree to that. It noted that basing any settlement on hire costs was not really fair – it had done so by way of trying to reach an agreeable settlement – but Mr and Mrs R had not incurred a loss in respect of hire costs. Allianz noted that, currently, the financial impact for Mr and Mrs R having been without their vehicle for those months, is not known. It said it was happy to review the compensation issue again, in the future, once losses can be quantified.

Mr and Mrs R's complaint was passed for an Ombudsman's decision. But whilst it was waiting for review our Investigator contacted both parties again. He said:

*"It is clear that Mr and Mrs R, due to Allianz' error, were put into a very difficult position that will most likely have significant financial consequences for them. And clearly they were caused a lot of worry – at the time but also worry that will stay with them for a prolonged period – given the length of time it will take for the [...impact to be seen...]. However, I can also, on review, see Allianz' concern about settling based on the hire costs – costs that neither party actually incurred. I'm further mindful of the figures I referenced in my initial view, which suggest the likely future financial loss may not be as much as what the cost of hire would have been. As I've said calculating what the actual loss is likely to be is near impossible and Mr and Mrs R are only in this position because of Allianz' error. So I am asking the parties to consider resolving this complaint by a settlement being paid and accepted of £12,000.*

*Allianz offered £4,116 which was not acceptable to Mr and Mrs R. Mr and Mrs R asked for £20,650. Neither can evidence that either the offered amount or that asked for actually reflects the loss which will likely occur. And there is the distress to take into account too. In these very difficult and unusual circumstances, I think a payment of £12,000, roughly halfway between the figures offered and asked for by the parties, is a fair and reasonable way to settle the complaint."*

Allianz said it couldn't agree to that. Mr and Mrs R said they continued to be disappointed by Allianz' response to this situation, they noted that whilst the issue had been 'live' in 2021, Allianz had been prepared to pay around £30,000 if they'd agreed to keep the total loss marker on their vehicle. They felt it was telling that since the crisis had passed, it seemed to want to do little to make up for everything.

### **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.

The parties will note that my background is light on details. Our decisions are published and so are anonymised for that purpose. In the circumstances of this complaint, I've felt it is necessary, to ensure anonymity, to keep the business and loss details, including the type of vehicle concerned, very vague by using only generic terminology. But I can assure both parties that I understand the specifics in question.

Clearly Allianz made an error regarding the vehicle – seemingly it had logged the number plate of the vehicle when assessing the claim for the damaged equipment, and its decision to write the equipment off was, consequently, linked to the vehicle registration. This meant the vehicle was recorded as being written off. I can see how that mistake might have arisen,

and think that is, in itself, a relatively simple technical error. But it's an error which I'm satisfied has had significant consequences for Mr and Mrs R.

I think the impact on Mr and Mrs R was both financial and non-financial. And I can understand, in the very specific circumstances here, that it's impossible for those losses to be quantified – or even really for the impact of the distress and inconvenience to be entirely understood. And I'm mindful that the non-financial impact extends towards a loss of reputation too, or at least a worry that such may/must have occurred. I say that as I know that Mr and Mrs R had to rely heavily on other businesses for assistance during the period they were without their vehicle, which was a peak time for all of them too. Further that long-term business plans – which involved contact with others – had to be put on hold or adapted too.

I also note that Allianz had more than one opportunity to avoid and/or limit the impacts of its error. Allianz was made aware in June 2021 that the vehicle itself had been marked for salvage – I think it reasonably should have thought then to check the relevant databases to see what markers had been placed against the vehicle. It could then have taken pro-active steps to change things, perhaps even offering a hire vehicle in the interim. That would have avoided all of the shock and worry Mr and Mrs R were caused when they got the letter out of the blue from the DVLA. And everything would have been resolved with their vehicle back on the road when the busy autumn period began.

Allianz had a second opportunity to avoid any impact to Mr and Mrs R's business as a result of its error when they contacted it on 14 September 2021. I think Allianz shouldn't have expected them to manage, even for just a few days, without full use of their vehicle. I think Allianz should have immediately offered a hire option. I know Mr R said that by 20 September 2021, none were available, but, in the circumstances here, I think the position a week earlier, might likely have been very different. As it was, it wasn't until October when Allianz began to seriously look at the hire option. And then another error occurred, because authorisations weren't communicated effectively and the only available vehicle was lost when it was hired elsewhere. Which meant Mr and Mrs R were without full use of their vehicle, with no substitution having been made available to them by Allianz, from 14 September 2021 until 16 November 2021.

Having considered everything, I find I'm in agreement with the paragraphs quoted above. I'd add a further emphasis here though – this is an unusual situation which requires an unusual remedy for a fair and reasonable outcome to be reached. In saying that I note that Allianz has said it would review things in several years time when, perhaps, some of the impacts of its failures in 2021 can be better understood. But that sort of remedy is not, in my view, workable in practice. I also note the unusual nature of my award because quantification is often a key part of assessing a complaint about financial loss. It is also part of my role though to assess each complaint on its own merits, and make an award that is fair, reasonable and workable in practice, in all of the circumstances. I think that here, settling the matter by requiring Allianz to pay Mr and Mrs R £12,000 compensation does exactly that.

### **Putting things right**

I require Allianz to pay Mr and Mrs R £12,000.

### **My final decision**

I uphold this complaint. I require Allianz Insurance Plc to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to

accept or reject my decision before 12 May 2023.

Fiona Robinson  
**Ombudsman**