DRN-4020915

The complaint

Mr O has complained about Royal & Sun Alliance Insurance Limited (RSA) in respect of a claim or claims that were logged when a car he was taking for a test drive was damaged.

What happened

Mr O was taking a car for a test drive. He wasn't given any insurance papers. After the test drive Mr O reported damage to the car. He said there'd been an incident at a fast-food restaurant drive-thru. There was damage to the driver's side, as well as to the passenger wing mirror and to the passenger-side of the rear bumper. The incident was reported to RSA as the insurer. RSA felt there had been three instances of damage – that the damage couldn't all relate to one incident. So it recorded three claims. The insurer for the restaurant said it would view it as being one incident only, so RSA amended its records.

All the damage to the car was fixed and RSA sent invoices to the other insurer. However, the other insurer wouldn't agree to cover the cost of all the repairs. So RSA withdrew the invoices for the passenger-side repairs. RSA didn't re-raise further claims relating to the invoices it had withdrawn. After nearly a year the other insurer settled the claim for the invoiced repairs on the driver's side. RSA had confirmed that the claim was non-fault against Mr O. RSA said it hadn't always handled things as well as it should have done and offered £100 compensation.

Mr O was unhappy though. He felt RSA hadn't treated him in line with the Equality Act and had treated him unfairly because he hadn't been given any paperwork at the outset. He felt RSA had also acted unfairly in respect of the claim – logging it as three claims and not updating him adequately about what was happening. He felt the claim had taken far too long to resolve. He said he wanted the 'black mark' of the claim removing from his history. He complained to the Financial Ombudsman Service.

Our Investigator felt that RSA had acted fairly and reasonably in respect of the claim. And he explained why RSA wasn't responsible for providing policy paperwork to Mr O. He didn't think RSA had caused unreasonable delays in the claims' progress. But felt it could have managed things better particularly in respect of the communication it had with Mr O. He felt it should pay Mr O £275 compensation in total (including the £100 already offered).

RSA said it accepted the outcome. Mr O said he wanted £2,000 compensation. Our Investigator reviewed the complaint but confirmed that he felt £275 compensation was fair and reasonable. Mr O remained unhappy so his complaint was passed for consideration by an Ombudsman.

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.

I appreciate that this was a difficult time for Mr O. And I know the claim is linked to the actions of the charity who arranged the test drive for him. Whilst I know he is unhappy with

the charity – it is separate to RSA's insurance activities. It is RSA's actions as an insurer which I am considering here.

As our Investigator explained, RSA did not set the insurance up for Mr O. That was done as part of the arrangements for the test drive. So whilst RSA, as an insurer selling Mr O insurance, would have needed to provide him with paperwork, in this situation it was not liable to Mr O in this respect. So I can't fault RSA for not providing paperwork. And clearly adequate cover was provided to protect Mr O as a beneficiary as he did benefit when the damage occurred. The car had to be fixed and the other insurer had to be approached for acceptance of liability and reimbursement of costs. Further, when the other insurer wouldn't agree to cover all of the costs (despite its initial suggestion that it had accepted liability for everything), RSA absorbed the outlay.

As a result, Mr O only has one claim recorded against him. I know he believes that there was only one claim anyway. And like our Investigator, I do think RSA should have acted to formally interview Mr O at the outset. However, I also think that RSA's engineer's view – that it seemed unlikely the damage in different areas of the car could have been caused in the one event – makes sense. Mr O was proceeding through a drive-thru when the driver's side of the car connected with a bollard. The restaurant then changed the layout so the bollard was no longer in the road, but was part of raised paving. But it's unclear how the car, connecting with that bollard on the driver's side, could have also been damaged at different heights and positions along the passenger-side of the car. I know Mr O has described the layout as 'sandwiching' the car. But I've seen nothing on the other side of the road that could have caused damage to either the wing mirror or the rear bumper, on the passenger-side. I can see that RSA looked into this and made some reasonable enquiries. And I think it acted pragmatically, when the other insurer initially said it was viewing this as one incident, to handle the matter in that way.

RSA has confirmed that the one incident was recorded as a non-fault accident as the other insurer did reimburse the repair costs. I think RSA reasonably withdrew the part of that claim for some of the invoices the other insurer was disputing. If it hadn't the matter may have become even more protracted. As it was, the other insurer still disputed the remaining costs. RSA answered that challenge adequately in my view and chased reasonably thereafter to obtain settlement. I think it managed the claim in a reasonable manner. I can't reasonably require RSA to take the one claim from Mr O's record because it accurately reflects an incident which occurred.

I think RSA has accepted that it didn't handle things well for Mr O at times though – that is particularly the case in its communications with him where I think it failed him. Mr O has referenced the Equality Act. I note RSA, at one time, refused to speak to Mr O, insisting on dealing only by email. I think this ignored Mr O's specific needs and there wasn't a good enough reason for RSA to have insisted on that despite those needs. I accept this caused Mr O further frustration – and RSA could have avoided all of that if it had acted early on to provide a dedicated point of contact for Mr O.

RSA has agreed to pay the £275 compensation recommended by our Investigator. I do think that is fair and reasonable in the circumstances. I know Mr O would like RSA to be made to pay him £2,000 compensation. But with regard to our approach to compensation awards and other awards, made by this service in similar circumstances, I think an award at that level, given RSA's failures and the upset I'm satisfied they caused, would be unfair and unreasonable. I appreciate, as I noted above, that the incident itself has had some knock-on effects for Mr O with the charity involved, and that those effects may well have affected Mr O's life over the years since. But, as I explained at the outset, my focus, in this decision, is on RSA as the insurer of the damaged car. So in awarding compensation for the impacts of RSA's failures, I can't take into account what has happened or how things have changed for Mr O due to the charity's view of the incident.

Putting things right

I require RSA to pay Mr O a total of £275 compensation. If £100 has been paid already, then it now only need pay the difference remaining.

My final decision

I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 25 May 2023.

Fiona Robinson
Ombudsman