

The complaint

Mr D complains about how Skyfire Insurance Company Limited (Skyfire) handled a claim and valued his car under his car insurance policy.

What happened

Mr D had a motor insurance policy with Skyfire covering his car.

In October 2022 Mr D was involved in an incident and his car was badly damaged. It was recovered by the police and placed in storage. Mr D called Skyfire and made a claim.

About two weeks later, Mr D was concerned that his car might be disposed of by the police and he told Skyfire about this. Skyfire told him it would send a recovery agent. As part of that call, Skyfire said if the claim didn't proceed for any reason, Mr D would have to pay for the cost of recovery. Mr D told Skyfire to not send the recovery company because he didn't want to incur unnecessary charges.

There was a series of delays made by Skyfire in dealing with the claim and Mr D was misdirected in some calls.

He complained about the service and Skyfire said it would pay him £300 for the delays and poor service.

The car was disposed of by the police because it wasn't recovered from them.

Skyfire valued the car at £22,451, but Mr D was expecting it to be worth about £26,000. Skyfire provided evidence of how it had calculated the car's value and didn't uphold this part of his complaint.

Mr D remained unhappy and brought his complaint to this service. Our investigator looked into it and said he thought the car valuation was fair and in line with this service's guidelines.

Mr D then said that Skyfire had told him initially that it would recover the car when he'd first notified it about the incident.

Skyfire said it had told Mr D about this, but it hadn't actually sent out the recovery company. It wasn't able to say why this hadn't happened.

Skyfire offered an additional £100 compensation, and said it would pay 8% simple interest on the car's value from 3 October to 4 December to compensate Mr D for the delay in settling the claim.

Our investigator thought Skyfire's offer was fair and reasonable. He thought that if Mr D had been told that he might be charged for the recovery costs when he'd first called Skyfire, rather than two weeks later, he would still have declined Skyfire's offer to recover the car.

Skyfire agreed with the view, but Mr D didn't. He is unhappy because he says Skyfire's poor service meant that the car was disposed when he'd wanted to retain it and repair it.

He asked for his complaint to be reviewed by an ombudsman, so it has been passed to me to make 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 D's complaint covers several areas so for ease of reading I've dealt with each of them in turn.

Vehicle valuation

I've looked at Skyfire's evidence about the way it values cars. I can see its approach fits with this service's. We don't provide valuations for vehicles, but look to whether the insurer's offer is reasonable.

I've done research into Mr S's car and I've found these values, provided by three different trade guides, for the month his car was written off, which are based on a vehicle with the same specification and mileage:

Company A: £23,407

Company B: £22,687

Company C: £23,017

Company D: £21,660

Taking the average of these four trade guide values gives a valuation of £22,693, which is slightly above the value offered by Skyfire in its final response (£22,451). But the difference between these two figures is small and within this service's parameters, so it follows that I think Skyfire's offer is fair.

Service

Our investigator has said he thought Mr D would have declined to have his car recovered if he'd been told in the first call about the possible recovery charges. I've considered this point and I don't necessarily agree that he would have refused to have the car being recovered when he first rang Skyfire.

But I don't think that point is important, because Mr D chose to not have it recovered about two weeks later when he contacted Skyfire. At that point, Mr D had a choice and he chose to not have the car recovered. So I can't say Skyfire acted unfairly.

Mr D also says he's disappointed because he wanted to retain the car and repair it. I've looked at Skyfire's estimate of the amount to repair the car which is considerably higher than its value, and I can see the car might have been written off as a category A meaning that it must be scrapped.

Mr D may have the ability to repair the car himself at a lower cost, but I'd still regard this level of repair as being very significant indeed, and a category A write-off would have meant the car was scrapped anyway.

So although Mr D has said he wanted to retain the car and repair it, the actual situation may have been different if the car had been recovered back to his care, or if Skyfire had written it

off as a category A.

I've thought about the service Mr D had after his car was badly damaged. I can see there was a significant delay in assessing and settling his claim which was caused by Skyfire's processes.

I can see from his evidence that Mr D found these delays stressful and inconvenient. Skyfire has agreed to pay a total of £400 compensation for his distress and inconvenience.

Skyfire has also said it will pay 8% simple interest on the claim amount for period of about two months he was waiting for his claim to be settled.

I've thought carefully about these offers, and I think they are both fair and reasonable.

My final decision

Skyfire Insurance Company Limited has already made an offer to pay £400 for Mr D's distress and inconvenience, as well as 8% simple interest on the claim amount. I think this offer is fair in all the circumstances.

So my decision is that Skyfire Insurance Company Limited should pay Mr D £400 compensation, plus interest at 8% simple on the claim amount from 3 October to 4 December 2022.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 31 May 2023.

Richard Sowden
Ombudsman