

The complaint

Mrs M has complained about the poor service she received and the valuation paid for her car when she made a claim under her car insurance policy with One Insurance Limited.

What happened

In August 2022 Mrs M's car was stolen and shortly after, recovered by police. Mrs M reported the incident to her insurer, One Insurance. Her car had been damaged when it was stolen and so One Insurance was responsible for deciding either to have Mrs M's car repaired or - if it wasn't safe or economical to repair - settle her claim as a total loss.

One Insurance initially said Mrs M's car wasn't repairable and so Mrs M provided One with the verification documents it needed to settle her claim. However, in October 2022 it then said the car may be repairable.

Mrs M complained to One Insurance. She said she had repeatedly asked for updates but without success. She didn't know where her car was and if it was going to be repaired. She'd asked for a courtesy car but hadn't been provided with one.

In its response to Mrs M's complaint in December 2022, One Insurance accepted it had provided a poor service, failed to provide updates, and delayed providing Mrs M with a courtesy car when it decided the car was repairable.

It arranged for Mrs M to have use of a courtesy car from 9 November 2022 and offered compensation of £300 for the distress and inconvenience caused.

One settled Mrs M's claim as a total loss in January 2023. Mrs M complained on 16 January 2023 about the settlement amount. She said it wasn't a fair valuation for her car.

Mrs M provided us with evidence by way of a bank statement to show that in September 2022 - after she was advised that her car was a total loss and had provided One with the documents to settle her claim - she'd bought a car from her son and insured it. She also provided proof of payment and documents to show she insured the car from September 2022.

Mrs M explained that this was a temporary arrangement so that she could have use of a car while she waited for the settlement from One - and that she had agreed with her son to apply a deduction of £50 a week for use of the car and its depreciation - as her son had intended to sell it in September 2022. The agreement was to return the car to her son once she received a settlement from One, so that he could sell it.

Our Investigator issued a view in March 2023. He thought One hadn't done enough to resolve Mrs M's complaint. He recommended One increase the compensation it paid to £500. For the inconvenience its delay caused, he thought One should also pay the equivalent of six weeks car insurance for the replacement car Mrs M bought from her son.

The Investigator looked at the valuation One had paid and - relying on screenshots provided by One of the motor trade valuations - he found it had paid below the market value but he couldn't tell why. So he recommended One increase the total loss settlement to reflect the average of the two motor trade guides.

Mrs M accepted the Investigator's findings. One didn't agree. It said it doesn't provide a courtesy car when a car is stolen - and as it had settled Mrs M's claim as a total loss, it had acted reasonably as a courtesy car isn't available in these circumstances.

One said Mrs M hadn't raised a complaint about the valuation previously - and so it said she would need to do this so that One could respond separately to this complaint.

I asked the Investigator to let both parties know that I intended to include my view on the valuation complaint in my final decision - as Mrs M had raised this with One according to its notes on 16 January 2023. As the eight week timeframe to provide a response had passed, I gave both parties the opportunity to provide me with a copy of a response if one had been sent.

In response, Mrs M said she hadn't received a final response to her complaint about the valuation. One didn't respond.

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.

It's clear that Mrs M regularly chased One for updates on her claim and received a very poor service from it. Her car was stolen on 2 August 2022. By 4 August 2022 One was aware that Mrs M's car had been recovered by police and in storage for it to arrange recovery to a repairer for assessment.

I agree that One's policy doesn't provide a courtesy car in the event of a car being declared a total loss. But it does provide a courtesy car for the duration of repairs. However, One began the process of settling Mrs M's claim as a total loss and she provided the documents needed to complete this process on 21 September 2022.

One's notes show that on 10 October 2022 it thought Mrs M's car may be repairable. There isn't a clear explanation as to why this decision was reached at this stage - and by this date Mrs M's claim had been ongoing for over two months - but One caused further delays and didn't pay a total loss settlement to Mrs M until 17 January 2023.

It provided Mrs M with a courtesy car on 9 November 2022. This was a month after it changed its decision as to how it would settle Mrs M's claim - and three months after her car was recovered and available for assessment.

So I think the service One provided to Mrs M was very poor and caused unnecessary distress and inconvenience for her. I'm satisfied from the evidence provided by Mrs M that she tried to mitigate her losses when she thought One was going to settle her claim as a total loss in September 2022. I've no doubt her dealings with One caused considerable disruption and inconvenience. One should have been clear about whether it was going to repair Mrs M's car much sooner. So I agree with the Investigator's remaining recommendations to put things right as set out below.

I haven't seen a final response to Mrs M's complaint about the valuation One paid to settle her claim in January 2023.

Screenshots from One's file of two motor trade guides show market valuations of £21,270 and £20,845.

Mrs M's policy with One says the most it will pay in the event of a claim is the market value at the time of loss. It defines the term 'market value' as;

"The cost of replacing your car, if this is possible, with one of a similar make, model and specification, taking into account the age, mileage and condition of your car, immediately before the loss or damage happened."

“In assessing the market value of your vehicle, Yoga may refer to insurance industry recognised guides of vehicle values as well as searching for available vehicles being offered for sale to the general public.”

Its notes show it decided to pay a total loss settlement of £18,550. I cannot see any reasoning as to why One didn't pay the average of the two motor trade guides it looked at when settling Mrs M's claim.

So while we don't decide a valuation, I don't think One has shown it reached its valuation in a reasonable way. So I think it should increase the settlement it paid to £21,057.50, being the average of the available guides. This is line with our approach to valuation complaints.

I think One should pay interest on the additional amount as Mrs M should have received a higher settlement - and much sooner than she did. So I'm asking One to pay interest at a rate of 8% simple interest a year from 17 January 2023 to the date it pays the difference to Mrs M.

My final decision

My final decision is that I uphold this complaint. I require One Insurance Limited to do the following:

- Increase the market valuation to £21,057.50 in settlement of Mrs M's claim.
- Pay interest on the difference from 17 January 2023 to the date it pays at a rate of 8% simple interest a year.
- Reimburse Mrs M for the costs equivalent to six weeks insurance under the policy she bought for temporary use of a replacement car in September 2022.
- Increase the compensation from £300 to £500 for the distress and inconvenience it caused.

One Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mrs M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 7 July 2023.

Geraldine Newbold
Ombudsman