

The complaint

Mr K complains about how Tesco Underwriting Limited ("Tesco") handled a claim on his motor insurance policy. When I mention Tesco I also mean its suppliers and repairers.

What happened

Mr K had a motor insurance policy with Tesco covering his car. In June 2022 he was involved in a collision with a third party. The third-party admitted responsibility for the collision.

Mr K made a claim from Tesco. His car was taken to one of Tesco's repairers and Mr K was provided with a courtesy car.

The collision was to the front off-side of his car. Tesco agreed to repair damage to the bodywork and wheel. The car was repaired and returned to Mr K. He noticed some noise coming from the front suspension in the vicinity of the damage. He thought that the noise was serious and rendered the car unroadworthy so he contacted Tesco and asked it to take the car back.

Tesco's engineer assessed the car and said he thought there was some damage to the suspension, but he thought that it had been caused by wear and tear rather than as a result of the collision.

Mr K wasn't happy about Tesco's claims handling or its engineer's communications with him, so he complained. Tesco upheld his complaint and agreed to repair the suspension as part of the claim. It offered Mr K £300 compensation for his distress and inconvenience.

He remained unhappy and brought his complaint to this service. He complains about Tesco's service and that he didn't have a car for 29 days during his claim. He also complained about the increase in his renewal premium. He asks for a written apology from the engineer, and between £2,494 and £4,350 compensation for the loss of use of a vehicle. He also seeks compensation of about £1,000.

Our investigator looked into his complaint and upheld it in part. He said he thought Tesco's offer of compensation was fair, but he thought it should pay Mr K for the loss of use of a vehicle at £10 per day for 29 days.

Tesco accepted the view, but Mr K didn't. He points out that Tesco's invoices for the hire cars he was provided with were much greater than £10 per day. He asked that his complaint was 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.

Having done so, I'm going to uphold Mr K's complaint in part and I'll explain why.

I've reviewed Mr K's claim and I can see that his car has now been repaired, and the repairs done included some minor work to the rear of the vehicle not from the collision mentioned above.

I'll also mention that his renewal was re-evaluated by Tesco and offered to him at approximately the same premium as his previous year's cover. I think this is significant because I understand that Mr K had a second non-fault collision while driving a hire car and I'd normally expect to see insurers treat two claims (even when they are both held as non-fault) as being a significant factor during the renewal underwriting process.

Mr K has also made a Subject Access Request (SAR) to Tesco about his claim and in his approach to this service he's mentioned that he hasn't yet received all of the data he thinks he should have. I can see that Tesco have told him that its response to the SAR is in the process of being carried out as it involves two companies. If Mr K remains unhappy about the results of his SAR then he may find it appropriate to make an approach to the Information Commissioner's Office (ICO).

In its final response, Tesco said:

"...we arranged for a further independent inspection. Although it didn't conflict with the original findings, it did raise concerns over the certainty to determine what had/hadn't been damaged during the incident. In situations such as this, we should always default in the customer's favour, which we agree didn't happen on this occasion."

I can see from Tesco's evidence that it realised its initial assessment had been poor so when doubt was introduced about the cause of the suspension damage, it agreed to cover the component. Mr K supplied an invoice showing that the particular component had been replaced about three years beforehand, which is a key part of my understanding that the suspension was more likely to have been damaged in the collision rather than as wear and tear.

I think Tesco's response in agreeing to pay for the suspension damage was fair and reasonable, and I agree with it that it should have made that assessment earlier on in the process given the information it had and that Mr K supplied.

Tesco has offered Mr K £300 compensation for his distress and inconvenience, which Mr K hasn't accepted. He's asked for a figure around £1,000. He has said the claim took three months to settle when he'd expect it to have been a few weeks. I've thought about this carefully as the motor industry continues to be affected by delays on spare parts.

I can also see that Mr K's car was an unusual version of a type of car no longer in production. The suspension component in question was referred to as the "last one" by the repairer who located it, so I think it's reasonable to think that repairs might take a little while longer than what Mr K considers to be the norm.

I also understand that he had paid for an upgraded courtesy car as part of his cover with Tesco and it's this part of his complaint Mr K asks for Tesco to pay the most for. He told Tesco he would expect it to pay £150 per day for a car he said was a similar standard to his own.

Tesco supplied two hire cars during his claim, of which the first was of a type I'd regard as "upgraded", and the second more of a "standard" courtesy car. I can see from the file that this point was discussed by our investigator who said he thought the second hire car was appropriate.

Tesco also says that it didn't provide Mr K with hire cars quickly enough during his claim. As it's agreed with this point, and accepted that it would pay loss of use of his car for 29 days at £10 per day, I don't think I need to explore this point further.

This service's guidelines say that a payment of £10 per day is sufficient to compensate for the loss of use of a car. I know Mr K disagrees with this point as he points out Tesco's invoices for the hire car were for a much greater rate per day, but the guideline amount of £10 is to compensate for extra costs incurred by a claimant. And I can't see that Mr K has incurred extra costs during the period when he didn't have a car.

So without further evidence, I'm not able to say Tesco need to pay him an additional amount over and above what it's already agreed to pay. Taking this into consideration, I think it's fair to ask Tesco to pay Mr K for 29 days loss of use at £10 per day, in addition to the £300 it offered him for his distress and inconvenience.

In his complaint Mr K also asks for a written apology from the engineer. I can understand the strength of Mr K's feelings about his interactions with the engineer and it's clear that he disagrees fundamentally about the way the engineer went about his claim and the way he was communicated with.

I've read Tesco's response to him, which includes commentary about a particular piece of correspondence between them which is a key part of Mr K's complaint about the engineer. In my mind Tesco's explanation helps resolve this specific matter and says, "The engineer has offered his sincere apologies for any distress this may have caused". I think this response is reasonable and I'm not going to require Tesco to do more.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint in part. I direct Tesco Underwriting Limited to pay Mr K:

- £300 for his distress and inconvenience caused by its claims process.
- £290 for his loss of use of a car, at £10 per day for 29 days.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 September 2023.

Richard Sowden
Ombudsman