

The complaint

Mr P has complained about the length of time it took Mulsanne Insurance Company Limited to settle his claim for his van under his commercial vehicle insurance policy.

Mulsanne's claim handling agent dealt with Mr P's claim, but for the sake of ease I've referred to Mulsanne throughout this decision.

What happened

Mr P's van was damaged in an accident and he made a claim under his policy for it on 8 September 2022. Mulsanne received their engineer's report showing the van was a write-off and providing the market value of it for settlement purposes on 29 September 2022. They also had the settlement amount due to the finance company at this point. However, they didn't have the bank details of the finance company, which meant they couldn't make the payment due to them. So they emailed the finance company asking for these. They don't appear to have chased the finance company up and it was only after Mr P chased them that they did this and they had the bank details they needed by the end of November 2022. Despite this, due to errors, which they've admitted to, Mulsanne didn't actually make the payment to the finance company until the end of February 2023.

In the meantime Mr P complained to Mulsanne and they issued their final response on 23 February 2023. In this they admitted they had made errors and that this had led to an unacceptable delay in them settling the finance for Mr P's van. They also admitted that they'd provided a very poor level of service when Mr P had tried to contact them, with unacceptably long hold times and other issues, including people not calling Mr P back as promised. And they offered Mr P £300 in compensation for the distress and inconvenience he'd experienced.

Mr P wasn't happy with what Mulsanne had offered in compensation and asked us to consider his complaint. When doing so he explained that he'd bought another vehicle and he had to struggle paying the finance on this at the same time as paying the finance for the van that he'd claimed for. He also explained in more detail the distress he'd experienced in trying to chase Mulsanne on the settlement, including the problems getting through to someone, getting cut off and not receiving call backs.

One of our investigators considered Mr P's complaint. She issued a view on it in which she said what Mulsanne had paid in compensation for distress and inconvenience was fair. However, she said Mulsanne should also pay interest at our normal rate of 8% per annum simple on the finance payments Mr P had made for his van since Mulsanne should have settled his claim and cleared the finance.

Mr P responded to say he still didn't think the compensation was enough, but he was willing to accept the investigator's view to bring the matter to a conclusion. Mulsanne didn't respond, despite our investigator chasing them.

As Mulsanne didn't respond to our investigator the case was passed to me for a decision. Having reviewed the case, I spoke to Mr P and established that he'd bought his replacement

vehicle at the beginning of October 2022 by borrowing the money to pay for it from his bank. And this had meant he'd had to struggle making two large finance repayments as well as meeting all his other business expenses at this time.

I issued a provisional decision on 2 August 2023, in which I set out what I'd provisionally decided as follows:

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've provisionally decided Mulsanne should pay Mr P an additional £500 in compensation for distress and inconvenience on top of the £300 they've offered, ie £800 in total.

I think £300 is enough to compensate Mr P for the distress and inconvenience he experienced as a result of what I can see was the appalling service offered by Mulsanne. I say this, as it's clear Mr P had to chase them numerous times on the settlement and when he did he was on hold for long periods before he could speak with anyone, got cut off on occasions and didn't get call backs as promised. On top of this he had the frustration of the settlement amount not being paid, despite being told on numerous occasions it would be.

However, I don't think £300 is enough to compensate Mr P for the significant distress and inconvenience he experienced in having to make repayments on two finance agreements instead of one for around four months, which was much longer than should have been the case. I say this because I think Mulsanne should have had all the information they needed to settle his claim by the middle of October 2022. And – as I see it – the only reason they didn't was that they weren't proactive in chasing Mr P's finance company for payment details. And then, even when they did have the details they needed, it still took them around a further three months to pay the settlement amount. This is totally unacceptable and I realise from speaking with Mr P that it was extremely stressful for him as a small business trying to meet all his expenses and pay what he needed in wages. And I think an additional £500 in compensation is appropriate for this further significant distress and inconvenience.

I also agree with our investigator that Mulsanne should pay interest at 8% per annum simple on the finance repayments Mr P made for the van he claimed for on any repayments he made after 15 October 2022, as this is the date I think Mulsanne should have settled the finance by. This is because he needs to be compensated for not having funds that should have been available to him. The interest should be calculated from the date Mr P made each payment to the date Mulsanne pays him this interest. Mr P will need to provide details to Mulsanne of what the payments were and when he made them.

I gave both parties until 16 August 2023 to provide further comments and evidence.

Both parties have responded to say they accept my provisional decision and have no further comments or evidence to provide.

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.

As both parties have accepted my provisional decision, I see no reason to depart from the conclusion I reached in it.

Putting things right

For the reasons set out in my provisional decision dated 2 August 2023, I've decided to uphold Mr P's complaint about Mulsanne Insurance Company Limited. And I consider the fair and reasonable outcome to it is for Mulsanne to pay him £800 in compensation for distress and inconvenience. I also consider they should pay Mr P interest on the finance payments he made on his van after 15 October 2022 as set out in my provisional decision.

My final decision

I uphold Mr P's complaint and order Mulsanne Insurance Company Limited to do what I've set out above in the 'Putting things right section'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 September 2023.

Robert Short
Ombudsman