

The complaint

Mr C complains One Insurance Limited (One Insurance) unfairly handled and settled his claim on his motor insurance policy after his car was classed as a total loss.

There are several parties and representatives of One Insurance involved throughout the complaint but for the purposes of this complaint I'm only going to refer to One Insurance.

What happened

The named driver on Mr C's car was involved in an incident with a third-party vehicle in March 2023. Mr C made a claim on his motor insurance policy.

One Insurance organised for its approved accident recovery partner to deal with the claim.

The car was collected from Mr C's home address by One Insurance's approved repairer on 15 March 2023. On 17 March 2023 Mr C was told the car was repairable.

A few days later Mr C was told the car was classed as a total loss. One Insurance made a total loss settlement offer of £8,570. Mr C disputed this valuation. He provided a number of valuations for similar cars and said the average valuation was £11,000.

Mr C was provided with a courtesy car on 18 April 2023 until 3 May 2023.

One Insurance said it had used industry guides to come to the valuation and did not change the settlement offer. It offered £50 compensation as it said Mr C had been on hold a long time when calling in.

As Mr C was not happy with One Insurance, he brought the complaint to our service.

In June 2023 One Insurance accepted it had made errors in its initial response to Mr C's complaint. It increased its offer of compensation to a total £150 to include the delay in receiving a courtesy vehicle and the lack of contact received.

Our investigator upheld the complaint. They looked into the case and said the settlement for the total loss should be increased to £11,023 with 8% simple interest. And £10 per day loss of use should be paid from the date the car was deemed repairable up until a courtesy car was provided on 18 April 2023. They did not feel the offer of compensation was sufficient and it should be increased to £300.

As One Insurance did not respond to our investigator's view the complaint has been brought to me for a final decision to be made.

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.

Total loss settlement

In this case I have considered whether One Insurance acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr C following the write-off of his car. My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr C's motor insurance policy with One Insurance. In this case within the policy terms and conditions on page four it says;

"Market Value

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, we 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."

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We also use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

One Insurance offered £8,570 as the total loss settlement. I saw it obtained three valuations from the main trade guides. I looked at the trade guide valuations provided by One Insurance and found £8,570 was not the average retail valuation of the guides. The low mileage on the car had not been considered, despite there being a valuation obtained with the low mileage.

I looked at the valuations our investigator obtained. They used four of the main trade guides. The average of these four valuations was £11,023.

We take the approach that if One Insurance can demonstrate that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

For the reasons given I'm not persuaded that One Insurance have acted fairly or reasonably in settling Mr C's claim at £8,570. I do not agree the total loss settlement amount paid is fair and in line with the main trade valuation guides.

I require One Insurance to increase its settlement offer to £11,023. This is the average of the four trade guides used by our service, and it should add 8% simple interest.

Courtesy car

Mr C's car was taken for examination 15 March 2023 and on 17 March 2023 he was told it was repairable. At this point a courtesy car should have been provided.

I saw that One Insurance did provide a courtesy car on 18 April 2023 to 3 May 2023. I have not seen any evidence as to why it was authorised on these specific dates.

I saw that One Insurance increased its offer of compensation due to the delay in receiving a courtesy vehicle. As it has accepted there was a delay in Mr C receiving a courtesy vehicle and because there was confusion around if the car was repairable or beyond economical repair, I think it should pay for loss of use during the delay.

I therefore require One Insurance to pay £10 per day for loss of use from 17 March 2023, the date Mr C was told the car was repairable, to the 18 April 2023, the date a courtesy vehicle was provided.

Claim process

I saw that Mr C made a number of attempts to contact One Insurance to obtain updates on his claim. I saw evidence that One Insurance's approved repairer told Mr C the car was repairable and then at a later date told him it was a total loss. And I saw evidence of other errors made by One Insurance when responding to Mr C's requests for updates and clarification about his claim and settlement offer.

I reviewed the claim notes provided by One Insurance and the response sent to Mr C after One Insurance completed its investigation into his complaint. The response included a number of points that were incorrect, and I found the majority of this incorrect information was about the third-party claim. It appears One Insurance mixed up information about Mr C's claim and the third-party claim.

One Insurance accepted it had made errors with Mr C's claim and its response to his complaint and offered a total of £150 compensation for this. However I don't think this is a reasonable amount in the circumstances of this complaint. The lack of communication, inaccurate valuation, errors, and service shortfalls made by One Insurance delayed the fair settlement of this claim and I think £300 is a fair and reasonable total amount in this case.

Therefore, I uphold Mr C's complaint and require One Insurance to

- Increase the total loss settlement offer from £8,570 to £11,023.
- Pay a further £150 compensation for the distress and inconvenience caused
- Pay £10 per day for loss of use of car from 17 March 2023 to the 18 April 2023 which is a total of 32 days.

My final decision

For the reasons I have given I uphold this complaint.

I require One Insurance Limited to

- Pay the increase in settlement of £2453. And add 8 % simple interest to this amount from the date of original settlement to the date paid.
- Pay a further £150 compensation for the distress and inconvenience caused.
- Pay £320 for loss of use of car from 17 March 2023 to the 18 April 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 December 2023.

Sally-Ann Harding
Ombudsman