

The complaint

Ms P has complained that Advantage Insurance Company Limited ('AIC') has delayed in repairing her lease vehicle.

What happened

Ms P bought a motor insurance policy, underwritten by AIC, to insure her leased vehicle. In August 2022, the vehicle was involved in a road traffic accident and Ms P contacted AIC to make a claim for repairs. AIC accepted the claim.

Ms P complained about delays, the length of time it was taking to repair the vehicle and not being kept updated. AIC accepted that it hadn't acted quickly enough and paid Ms P £125 compensation. Following this, Ms P continued to chase for updates about the repairs and was told the authorised repairer was waiting for parts but didn't have an estimated date of completion. Ms P said she needed to return the vehicle to her lease company by December 2022 and had arranged for a new vehicle and lease agreement for January 2023. This meant she would be making monthly lease instalments for two vehicles and was unhappy with the delays and lack of updates. She referred her complaint to this Service.

Our investigator looked into the complaint and partially upheld the complaint. He found AIC took too long to allocate an authorised repairer and recommended that AIC pay a total of £250 compensation. He said he was satisfied that Ms P had been kept updated following November 2022 and said AIC wasn't responsible for the delays as a result of waiting for parts.

Ms P disagreed and said she hadn't been kept updated. And she was also unhappy that her financial loss hadn't been considered as she was paying monthly instalments for two vehicles whilst waiting for the repairs.

And so the case has been passed to me to decide.

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 think this complaint should be upheld. I'll explain why.

I issued my provisional decision on 31 July 2023 in which I said:

"The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly.

AIC has accepted that Ms P has a valid claim under the policy and has arranged for repairs to be done. The vehicle has been with the authorised repairer since November 2022. Prior to this, AIC had said Ms P could arrange for her own repairs but she didn't want to do this as she wasn't familiar with any garages and there were conditions under the terms of the policy if she didn't use an authorised repairer, which she wasn't happy with.

Ms P also told AIC that her agreement with her lease company was due to end in December 2022 but if she didn't return the vehicle, she would continue to be liable for the monthly lease instalments and fees for a late return. In addition, she took out a new lease agreement (before the accident) starting in January 2023 and so she was making two lots of payments and was concerned about whether she could afford this.

I don't think AIC has handled this claim promptly or fairly. The claim was notified in August 2022. It took until November 2022 to find an authorised repairer. Since January 2023, Ms P has had to pay for two vehicles whilst waiting for the vehicle to be repaired by AIC's authorised repairer.

AIC has decided to repair the vehicle but it has to do so promptly and fairly. It isn't fair for Ms P to wait a significant amount of time for the car to be repaired. I note the reason for delay is due to waiting for parts. AIC could have explored this further and considered other options but I haven't seen that it has done this.

Whilst the car was in storage and before Ms P got her new leased vehicle, AIC had provided a hire car so Ms P wasn't without a vehicle. She had already entered into an agreement for a new vehicle before the accident.

The policy provides a replacement car whilst the vehicle is being repaired. Ms P arranged for a new vehicle from January 2023. Had she not done so, AIC would have been responsible for providing a replacement vehicle. In this case, as Ms P has been waiting so long for her vehicle to be repaired, I think it's fair for AIC to pay the cost of the monthly lease payments plus any late return fees she will be liable to pay once the repairs are complete and the vehicle is returned to the lease company. In addition, AIC should pay 8% simple interest on each payment Ms P has made on the vehicle since January 2023 to the date of settlement. It should also pay £200 compensation in addition to the £125 it has already paid for the distress and inconvenience Ms P has suffered as a result of chasing for updates and the worry of having to pay for two vehicles.

Ms P is unhappy that she hasn't been adequately updated. AIC has said Ms P will need to raise a new complaint about the status of repairs following March 2023. If Ms P is unhappy that AIC hasn't kept her updated since March 2023, she will be able to raise a new complaint directly to AIC about that. I am satisfied the issues relating to the costs of two leased vehicles formed part of Ms P's initial complaint so I have considered those in this decision."

To put things right, I said I was intending to ask AIC to do the following:

- Pay Ms P a sum equivalent to the monthly lease instalments she has paid since January 2023 for the vehicle awaiting repair
- Add 8% simple interest per annum calculated from the date each payment was made by Ms P to the lease company, to the date of settlement
- Pay Ms P's further monthly instalments until the repairs are complete
- Pay any late fees Ms P will be liable for, for the late return of the vehicle
- Pay an additional £200 compensation for stress and inconvenience.

I thank both sides for responding to my provisional decision.

Ms P accepted my provisional decision and confirmed the following:

- She was paying £268 per month for the vehicle awaiting repair.
- She was paying for insurance cover for two vehicles.
- She is still waiting for confirmation of final costs and whether any late fees will be charged.

- The car has been fixed, it was returned to Ms P on 14 July 2023 and the lease company collected the vehicle on 31 July 2023.

AIC responded and in summary, made the following comments:

- It understands why Ms P should be reimbursed for her financial loss but doesn't agree it should cover the entirety of this when the parts delays were beyond its control.
- It says it was responsible for three months of delay and agrees it should cover three months of payments.
- In terms of alternative options, it couldn't total loss the vehicle if the vehicle was repairable.
- All repairers source their parts from the manufacturer so it's unlikely Ms P using her own repairer would have sped the process up.
- Had it offered Ms P a cash in lieu payment, Ms P would have been charged from the finance company for returning a damaged vehicle and likely also charged for the time it took the finance company to repair the vehicle before they could lease it back out.
- AIC doesn't think there was a more favourable option that would have benefited Ms P more and the delays were beyond its control. It therefore feels it would be fair and reasonable to cover three months' worth of financial loss.

Having considered AIC's submissions, I disagree that it should only be responsible for three months of delays. Overall, it took nearly a year for the vehicle to be repaired by AIC and I don't think this is a reasonable amount of time for Ms P to wait. Ms P had made it clear that the vehicle was due to be returned in December 2022 and she had the benefit of a replacement car under her policy whilst waiting for repairs. But as Ms P had already signed an agreement for a new lease, and to treat Ms P fairly, AIC should cover the cost of the instalments as it would have been responsible for providing a replacement car up to the point the repair was completed.

Additionally AIC has said alternative options weren't possible but I have seen no evidence that alternative options were considered or discussed with Ms P when she complained about delays. AIC chose not to total loss the vehicle or offer a cash in lieu payment so there was no discussion about the options and whether Ms P would be better or worse off. I'm not satisfied that Ms P would have been in a worse position. Even though the delays for parts were beyond its control, AIC was responsible for providing a replacement vehicle under the terms of the policy and dealing with her claim promptly. Due to Ms P's circumstances – the new leased vehicle – she no longer needed a replacement vehicle but was entitled to one so AIC should cover the additional costs she has had to pay whilst waiting for the car to be repaired. It should also pay any late fees due as these wouldn't have been payable had AIC dealt with the claim promptly.

My final decision

For the reasons set out above, I uphold this complaint and direct Advantage Insurance Company Limited to:

- Pay Ms P a sum equivalent to the monthly lease instalments she has paid since January 2023 for the vehicle awaiting repair.
- Add 8% simple interest per annum calculated from the date of each payment was made by Ms P to the lease company, to the date of settlement.
- Pay any late fees Ms P will be liable for, for the late return of the vehicle.
- Pay an additional £200 compensation to Ms P for stress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 14 September 2023.

Shamaila Hussain
Ombudsman