

The complaint

Mr A has complained about Tesco Underwriting Limited. He isn't happy about the way it dealt with a claim under his motor insurance policy.

For ease of reading any reference to Tesco includes its agents.

What happened

Mr A advanced a claim through his insurance policy and it was initially thought his car was repairable before Tesco eventually decided after a number of months that the car was a write off. Tesco eventually provided Mr A with a courtesy car as it thought Mr A's car was repairable initially, but Mr A had to hire a car during the first few weeks of the claim as he wasn't provided with a courtesy car. As Mr A wasn't happy with the delay in dealing with his claim, the lack of updates and the fact he had to pay for a hire car he complained to Tesco.

Tesco looked into things for him and acknowledged that it didn't deal with his claim very well and it delayed matters. It offered to pay Mr A £10 a day loss of use payment for the time Mr A was without a courtesy car (£180) and £100 compensation for the delay and poor service. But Mr A remained unhappy, so he complained to this Service.

Our investigator looked into things for Mr A and upheld his complaint. She thought Tesco's offer of £100 compensation in acknowledgement of the poor service and delay was fair. But she thought it should pay all of Mr A's initial hire car costs (£699.10) as he was left without a car when he should have been provided with one and needed to stay mobile for his family, work, and accessibility needs.

As Tesco didn't agree the matter has been passed to me for review.

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 agree that the complaint should be upheld. I know this will come as a disappointment to Tesco, but I'll explain why.

Tesco has explained that it was uncertain whether Mr A's car was repairable or not and said Mr A didn't say that he had hired a car until a few months into the claim. While I accept it wasn't clear whether the car was repairable or not initially it was decided that it was during the early stage of the claim (although this position changed) and so Mr A should have been provided with a courtesy car. I'm surprised it took so long to establish if his car was repairable or not, but this wasn't Mr A's fault. And as Tesco has accepted that he should have been provided with a car by offering loss of use for the days Mr A was without a vehicle the only thing left to consider here is whether it should pay Mr A's hire vehicle costs as opposed to £10 a day loss of use.

I understand Tesco has said it wasn't aware Mr A was in hire but its notes from early on in the claim make it clear that it was aware Mr A had hired a vehicle. And Tesco should have reached out to Mr A at this stage about his needs as opposed to just leaving matters. As Tesco was aware that Mr A was in hire I think it was its responsibility to ensure he had a courtesy car at this point as opposed to Mr A's responsibility to chase the position.

Mr A was simply trying to stay mobile in order to manage his daily life at the time of claim and he hired a small car in order to do this which doesn't seem unreasonable or excessive. Had Tesco have reached out to him and ensured he got a courtesy car earlier he wouldn't have had to do this or only had to do it for a very short period. And by hiring a car Mr A was able to stay mobile and get to work without incurring other transport costs which I would have expected Tesco to pay alongside loss of use if he hadn't hired a car.

Finally, the service Tesco has provided here was poor which it accepts. Mr A had to chase for updates and didn't know where his car was stored or what was happening to it at times. And it must have been frustrating for him to have to wait nearly four months not knowing where his car was and believing it was going to be repaired only to be told it was a write off. I've considered uplifting the compensation level Tesco offered here (£100) because of the various difficulties Mr A faced but I think £100 is fair when considered alongside the £699.10 hire car costs I'm asking Tesco to pay.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require Tesco Underwriting Limited to pay Mr A's hire car costs (£699.10) plus £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 October 2023.

Colin Keegan
Ombudsman