

The complaint

Miss C complains that Markerstudy Insurance Company Limited deducted storage charges from her settlement for the total loss of her car following a claim made on her motor insurance policy. Miss C is represented in this matter by her mother, Mrs C.

What happened

Miss C's car was damaged in an accident and her car was in storage for about two months. Markerstudy offered Miss C a settlement for her claim, but it deducted her policy excess and a fee for 58 days storage. Markerstudy agreed that it had caused avoidable delays for 12 days, and so it reduced the fee to 46 days. Markerstudy also agreed that its communication and level of service had been poor, and it paid Miss C £500 compensation for the trouble and upset this caused. But Miss C remained unhappy with the deduction for the storage.

our investigator's view

Our Investigator didn't recommend that the complaint should be upheld. She thought Markerstudy had made Miss C aware of the storage charges from the outset. She thought it hadn't caused any avoidable delays during the 46 days it was asking Miss C to pay for. She thought Miss C had delayed giving permission for Markerstudy to recover her car to salvage. And she thought its offer of compensation for its poor communication had been generous.

Mrs C replied that Markerstudy had paid no reasonable storage charges, but it expected Miss C to pay for the whole time the car was in storage. She said the reason the car was in storage for so long was because of Markerstudy's inadequate service. She said they hadn't been sufficiently warned that refusal to release the car would lead to charges being applied.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Miss C and to Markerstudy on 5 October 2023. I summarise my findings:

I could see that Miss C had a frustrating claim experience. Markerstudy upheld her complaint about her claim journey and the level of service it provided. It also paid her £500 compensation for this. Mrs C didn't want us to consider this aspect of her complaint further. So I didn't consider this here except where the level of service provided by Markerstudy had an impact on the storage charges it applied.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably. I could see that on page 11 of the policy booklet, Markerstudy stated:

"We will also pay the costs for the protection, removal and storage of the insured vehicle following an accident and delivery after repair to your address."

And then on page 14,

"If the insured vehicle is damaged beyond economical repair we will arrange for it to be stored safely at premises of our choosing."

Markerstudy was obliged to minimise claim costs. It had an agreement with its salvage agent where free storage was available. And Miss C's car had been recovered to her local garage

where storage charges were incurred. So it followed that Markerstudy would want to remove the car to its salvage agent as soon as possible to minimise costs.

I could see that Markerstudy wrote to Miss C on the day she notified it of her claim to tell her that her car may be incurring storage charges and it would only cover reasonable charges. But no further information was then provided about this and there was no explanation of what reasonable charges would be.

In a subsequent phone call, a month later, Mrs C was aware that the car was in storage and that Markerstudy was only responsible for reasonable charges. But Markerstudy didn't then explain that she would be liable for the storage costs. Mrs C was then pursuing Markerstudy for an update on the claim. It hadn't contacted the witnesses a month after the accident, and it had just started to review the photographs she had sent in several times.

So I thought Mrs C reasonably thought Markerstudy hadn't actively progressed the claim. She wanted the claim settled and Miss C's No Claims Discount to be unaffected. But, without further explanation from Markerstudy, she evidently expected the storage charges being incurred were reasonable as it hadn't progressed the claim. And so she expected Markerstudy would be responsible for them.

So I was satisfied that Markerstudy made Miss C aware that it was only responsible for reasonable charges. I thought Mrs C should have been aware that her garage would apply charges and that she may be liable for any storage charges incurred. But I didn't think Markerstudy sufficiently explained what storage charges it would and would not be liable for.

Whilst the car was in storage, Markerstudy texted Miss C to ask her to release it to its salvage agent. And, three weeks after the accident, Miss C declined to release the car until a valuation had been agreed. I couldn't see that Markerstudy then raised the storage charges with her.

Miss C's car was in storage for 58 days until she agreed for it to be removed to Markerstudy's salvage agent. Markerstudy couldn't release her car before she agreed and so it incurred storage charges. Markerstudy stopped applying storage charges on the date the valuation was agreed and Miss C gave consent for her car to be removed by the salvage agent. There was then a delay in its agent collecting the car. But I was satisfied Markerstudy was responsible for this and so I thought it reasonably took responsibility for the subsequent storage costs.

Markerstudy said it had caused 12 days' avoidable delays while it reviewed the photographs Miss C had provided in order to make a valuation. And so I thought it reasonably reduced the storage charges by 12 days to 46 as this was due to its delay.

But I didn't think this went far enough in the circumstances. I thought that if Markerstudy had done more to explain to Mrs C that she would be liable for the storage charges then she would have released the car sooner than she did. However, Mrs C was aware that Markerstudy would only pay reasonable storage charges. But she didn't ask Markerstudy for further details. And Miss C had a responsibility to mitigate any claim costs. So I thought she should have released the car sooner than she did.

So, to resolve the complaint, I thought it would be fair and reasonable for the remaining storage charges to be split 50/50 so that Miss C was responsible for 23 days storage.

Markerstudy had already deducted charges for 46 days from her settlement, so I thought it should reimburse Miss C half this amount. And, as Miss C had been without her money for some time, then I thought it should reasonably add interest to this amount.

Subject to any further representations from Miss C and Markerstudy, my provisional decision was that I intended to uphold this complaint in part.

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.

Mrs C didn't reply to my provisional decision. Markerstudy replied that it had nothing further to add. So, as I have received no further representations to consider I can see no reason to change my provisional decision.

Putting things right

I require Markerstudy Insurance Company Limited to reimburse Miss C for the cost of 23 days storage, adding interest to this amount at the rate of 8% simple per annum from the date of the initial settlement to the date of payment.

If Markerstudy considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss C how much it's taken off. It should also give Miss C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require Markerstudy Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 7 December 2023.

Phillip Berechree
Ombudsman