

The complaint

Mr C complains that Markerstudy Insurance Company Limited disposed of the salvage for his car following a claim made on his motor insurance policy.

What happened

Mr C's car was damaged in an incident, and Markerstudy declared it to be a total loss. Markerstudy informed Mr C that because the policy terms had not been met, it would not be paying his claim under the policy. Markerstudy's agent sold the salvage without clearly informing Mr C of his options for keeping it.

Mr C said he intended to buy back the salvage and repair his car. Mr C complained to Markerstudy about its decision to sell the salvage without properly notifying him. Markerstudy informed Mr C *'As we or [our agent] had no contact from you between the date the repudiation letter was sent on 16 August 2022 and December 2022, [the agent] made arrangements to dispose of your vehicle... we then issued you £434 on 6 June 2023... this payment should have been issued to when we received the salvage payment in December from Copart so I do apologise for this.'* Markerstudy offered Mr C £100 in compensation for its poor service, and £13.17 representing 8% simple annual net interest on £434 from 15 December 2022 to 6 June 2023.

Mr C didn't accept this, and referred his complaint to us. Mr C said that he is pursuing the third party insurer (TPI) for his claim to be paid. Mr C has explained he remains unhappy with the amount offered by the TPI in settlement of his claim.

After the complaint came to us, Markerstudy explained the salvage amount offered in resolution of the claim should've been £504. In resolution of Mr C's complaint, Markerstudy offered Mr C *'payment of the remaining £70.00 of the salvage, plus 8% simple interest on this amount. [And a] further £350.00 compensation, in addition to the £100.00 already paid.'* Our Investigator recommended that the complaint should be upheld. The investigator broadly agreed with what Markerstudy had offered, but said the compensation amount should be £650 in total- so Markerstudy would need to pay an additional £550.

Markerstudy agreed with the investigator's findings. Mr C disagreed saying *'... I am happy to take a car which is in the exact same condition as my previous car with all of those parts fitted and changed to put the car in the same mint condition my car was in same millage etc plus compensation for the stress, depression, sleepless nights, loss of business, effects on my family, money lost having to buy a replacement substandard car and financial loss with inflation added. The other option a cash settlement to reflect the money I would have made selling the car for parts broken down plus all the other above compensation with inflation.'* As the complaint couldn't be resolved, it was passed to me for decision.

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.

I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome. When a business makes a mistake, as Markerstudy accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error has had on the consumer.

It's not disputed that but for its Markerstudy's error in disposing of the salvage, Mr C would have had the option to retain the salvage for his car, and carry out the required repairs. But I'm mindful that because Mr C's claim didn't meet the policy terms, Markerstudy hasn't paid his claim. I note that Mr C's car was inspected by the TPI's appointed engineer, and Mr C has received an interim payment of £3,654.00 for his car which he remains unhappy with. I should explain that the current complaint won't look at the actions of the TPI- including the value offered by the TPI to Mr C for his car. As part of my direction for putting things right, I'll be looking at the trouble and upset caused to Mr C as a result Markerstudy's actions on the claim- that is, Mr C no longer having the option to buy back the salvage for his car.

I've carefully considered Mr C's comments about Markerstudy paying for an alternative car matching the specification, make and model of Mr C's car. But I won't be asking Markerstudy to offer this in resolution of Mr C's complaint. Because even if Markerstudy had returned the salvage to Mr C, Mr C would still have had to repair his car to bring it to the standard that it was in before the incident. And this cost would've had to have been funded by Mr C himself- because Markerstudy had already determined that it wasn't going to pay for his claim. So it wouldn't be fair or reasonable to ask Markerstudy to compensate Mr C with a like for like car in resolution of this complaint.

Mr C has also explained '*The other option a cash settlement to reflect the money I would have made selling the car for parts broken down plus all the other above compensation with inflation added.*' Markerstudy has provided evidence showing payment received from the sale of the salvage of Mr C's car. This matches what Markerstudy has agreed to pay Mr C for the salvage of his car. So I'm satisfied the payment of £504 represents what Mr C is owed for the salvage, and Markerstudy's calculation of this amount is fair, and in line with what we'd expect.

Markerstudy has agreed to the investigator's recommendation to increase compensation to a total of £650. Mr C says this doesn't reflect the trouble and upset he has experienced throughout his dealings with Markerstudy. I've carefully considered Mr C's comments. It's not disputed that Markerstudy failed to properly manage Mr C's claim. And this was to the extent that Mr C has now been deprived of the opportunity to buy back the salvage. Mr C has explained it was his intention to do this, so I can see why he is frustrated with what's happened.

But I'm also persuaded that part of Mr C's frustration relates to the low valuation he has been offered for his car. Mr C remains in dispute with the TPI about this. But that's not a complaint for Markerstudy. It wouldn't be reasonable for any award I make to include consideration of the valuation offered by the TPI, and Mr C's dispute about this. I think compensation of £650 fairly recognises the impact on Mr C by what went wrong with the handling of the claim, but also that the outcome of the claim itself, remains unchanged. I'm also satisfied £650 is broadly in line with our approach to a complaint of this type. So I won't be recommending Markerstudy pay anything more than £650.

Putting things right

I require Markerstudy Insurance Company Limited to do the following:

1. Pay Mr C £550 compensation (bringing the total to £650) for the trouble and upset caused by its handling of his claim.
2. Pay the remaining £70.00 of the salvage, plus 8% simple annual interest* on this amount from 15 December 2022 until the date that payment is made.

*If Markerstudy considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr 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 provided I uphold this complaint. Markerstudy Insurance Company Limited must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 March 2024.

Neeta Karelia
Ombudsman