

## **The complaint**

A limited company, that I will refer to as N, complains about the handling and settlement of its commercial motor insurance claim by Society of Lloyd's.

## **What happened**

The following is intended only as a brief summary of events. References to Lloyds includes Society of Lloyd's, its underwriters and agents.

N operates as a glazing business and had a motor fleet policy underwritten through Lloyds. The policy insured a number of light commercial vehicles as well as several private vehicles. In June 2022, one of these private vehicles was involved in an accident and suffered damage. N contacted Lloyds to make a claim.

Due to the extent of the damage, consideration was given to considering the vehicle a total loss. But ultimately Lloyds made the decision to have it repaired. However, it was unable to identify a repairer on its approved network that could carry these repairs out. In the end it identified and instructed a repairer not on its approved network.

As a result of the type of vehicle and the relevant damage, as well as general industry pressures, it was over a year after the accident that the repairs were completed. During this time, N initially purchased a VW Mini. And then traded this in for a Land Rover Freelander.

A number of issues were initially raised by N about this process. However, the key outstanding issue is whether a courtesy car ought to have been provided, and whether Lloyds should compensate N for having purchased a vehicle for use during this period.

A complaint about this was brought to the Ombudsman Service. But our Investigator did not recommend it should be upheld. He considered that Lloyds did not have to provide a courtesy car, as a non-approved repairer was used. He also did not consider it was reasonable to require Lloyds to pay for the cost N incurred in purchasing a replacement vehicle of the type it did.

As N remained unsatisfied, its complaint has been passed to me for a 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.

Having done so, I am not upholding this complaint. I'll explain why.

I should firstly stress that whilst I have considered all of the evidence provided, I am not going to comment on each of the issues raised. And for some issues, I will also deal with these very briefly. Additionally, I have not made a finding on each of the points included within this decision. Ultimately, this is because I am focussing on what I consider the key issue to be.

I will say that I do think Lloyds ought reasonably to have done more in the circumstances of this case. It was ultimately its decision to repair the vehicle and it was its decision to use the repairer it did. The fact that this was not a repairer on its approved list does not, in my view, mean that a customer should automatically not receive the benefits that it would be entitled to if an approved repairer were available. And in the circumstances, it is likely that I would conclude that Lloyds ought reasonably to have arranged a courtesy car.

There is some indication from the evidence provided that a courtesy car may have been available through the repairer. It isn't clear whether the fact this did not happen was due to the (in)actions of Lloyds, N or this repairer. In the circumstances, I have not considered this point further.

The need to provide a courtesy car was likely a requirement under the policy, adjusting this for the circumstances of Lloyds deciding to use a non-approved repairer. But was also likely a consequence of the fact the repairs took so long. Whilst I appreciate much of this was out of Lloyds hands to an extent, it should still have recognised the potential impact of these delays on its customer.

Ultimately, it is likely that Lloyds should have provided a courtesy car, but it did not. However, this courtesy car would only reasonably have been a small standard private car.

The Mini that N purchased initially would likely have been the type of car Lloyds should have arranged. In making this purchase, N mitigated the impact of not having its original vehicle available to it. And as Lloyds did not arrange a courtesy car, it is likely that Lloyds ought to cover any reasonable financial losses N incurred in purchasing this Mini.

However, in purchasing the car, N acquired an asset, and the value of this needs to be considered against the initial cost. N has said that the Mini was purchased for £1,800 and then traded in for £2,500. I note that N may have carried out some improvements and paid for an MOT. But it does not appear that purchasing this car actually caused any financial loss to N. So, there would be nothing for Lloyds to pay here.

The Mini was traded in against a Land Rover. And N has said that the value of this vehicle has dropped by around £4,000 since the purchase. This is a loss N has seemingly incurred. However, I need to consider whether this is a loss that Lloyds can fairly and reasonably be expected to meet.

Like our Investigator, I do not consider the cost to N of purchasing the Land Rover as a replacement is something Lloyds can reasonably be expected to meet. The vehicle N did not have use of was essentially required to transport the driver and passengers from A to B. This was not a commercial vehicle used in providing the actual glazing service N is involved in. And the business is located in Cambridgeshire. I also note that there are other vehicles insured under the fleet policy that N would have been able to use.

So, I am not persuaded that the Mini, or another small standard private car that Lloyds might have provided as a courtesy car, was not suitable for N's actual needs. I appreciate this sort of car was not the same standard or type as the damaged vehicle. But I do not consider Lloyds ought reasonably to have provided such a like-for-like temporary replacement.

This means that any losses N incurred in purchasing the Land Rover are not something I can fairly or reasonably ask Lloyds to meet. It follows that I am not directing Lloyds to do anything further in the circumstances of this complaint.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 19 April 2024.

Sam Thomas  
**Ombudsman**