

The complaint

Mr L complains about the way Royal & Sun Alliance Insurance Limited handled a claim made on his motorhome insurance policy.

Any reference to RSA includes the actions of its agents. Mr L is being represented on this complaint, so any reference to him also includes the comments of his representative.

What happened

- In mid-May 2023, Mr L and his wife - who was a passenger - were unfortunately involved in a road traffic accident whilst holidaying abroad. He says he contacted RSA an hour after to report the matter and has explained he had difficulty doing so. Mr L and his wife arranged a hotel and then returned to the UK without assistance from RSA.
- A week later, RSA informed Mr L the claim had been logged and that it had been passed to its foreign claims' unit – who would arrange for the vehicle and his personal belongings to be returned to the UK.
- The same day, RSA informed Mr L the V5 document - required for his motorhome to be released from the garage abroad - had been forwarded to its agent – and that it was awaiting a quote regarding repatriation of the vehicle to the UK.
- On 1 June, RSA informed Mr L that its agent had requested a clearer copy of the V5 document. This was subsequently provided around mid-June. Following which the vehicle was recovered and repatriated to the UK, arriving on 10 July.
- Mr L complained about the service he'd received from RSA, saying he and his wife – had been left in a vulnerable position as RSA didn't assist with arranging accommodation, onward travel, and they were left to make their own arrangements even though they'd been injured and had needed medical attention. He also felt the communication between RSA and its agents had been poor and in turn, added to what was already a difficult situation.
- In response RSA accepted Mr L had difficulty reporting the claim and offered compensation totalling £200. But Mr L said it didn't reflect the difficulties he'd experienced.
- Unhappy, he brought a complaint to this Service. An Investigator considered it and upheld it saying RSA needed to pay compensation totalling £300.
- He noted Mr L had also raised concern - prior to RSA issuing its final response - about it deciding his vehicle is beyond economic repair. He says settling on the basis of his car being considered a "write off" isn't fair as he wants it repaired. The Investigator explained RSA was entitled to conclude the vehicle was beyond economic repair as it had deemed the repairs to be more than 50% of the insured value of the vehicle.

- RSA accepted the Investigator's opinion, but Mr L said the compensation was too low. And so, the complaint has been passed to me for an Ombudsman's decision. I'm aware RSA has since reiterated its settlement options to Mr L, and has also offered to cover the emergency accommodation, taxi, and ferry costs. But Mr L hasn't informed RSA what he wants to do in respect of these.
- RSA has confirmed it consents to this Service considering – as part of this complaint – whether its proposed settlement options are fair. The options being:
 - Mr L's vehicle is written-off and he's paid £20,000 (the maximum limit under the policy).
 - Mr L's vehicle is written-off, but he retains the salvage (which has been calculated as £6,800) meaning he receives a payment of £12,200. Both options are subject to the policy excess.

I issued a provisional decision in which I said:

"What I've provisionally 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 with the compensation amount our Investigator recommended. I appreciate this will be disappointing for Mr L as he considers the impact on him to have been significant and therefore, deserving of much higher compensation. But I'll explain why I'm satisfied £300 compensation is fair in the circumstances.

However, before I do I want to make it clear I am only considering RSA's handling of the claim up until the final response letter (FRL) dated 14 August 2023, and whether the settlement options it has proposed are fair and reasonable in the circumstances.

Distress and inconvenience

Understandably, being involved in a traffic accident whilst abroad was a stressful and worrying event for him. And I can understand why he would have appreciated some assistance from RSA in finding accommodation and sourcing onward travel.

So, I've looked at this policy, and while it provides for costs – including emergency accommodation – I have to keep in mind it doesn't say RSA will arrange this on Mr L's behalf. So, I can't reasonably say it let him down when it wasn't required to assist him in the way he thought it should.

I'm aware that following the accident Mr L and his wife required medical attention and I've seen that this has been ongoing for Mrs L at least. Whilst my intention isn't to diminish the impact this situation has had on them nor the aftereffects, ultimately, RSA isn't responsible for the injuries and associated pain caused by these – and so, it wouldn't be fair or reasonable to direct RSA to pay compensation in respect of this. I have however, kept in mind that the frustration Mr L felt when trying to report his incident was no doubt compounded because of the situation he found himself in, with him and his wife having been injured as a result of the incident.

Similarly, RSA aren't responsible for the disappointment Mr L would have felt from his holiday being cut short as a result of the incident, or him having to cancel an upcoming

holiday booking due to start on 27 May 2023 – both of which were due to the road traffic incident itself, not RSA's handling of the claim.

As our Investigator addressed, RSA gave Mr L incorrect information about the extent of cover in respect of hotel accommodation. RSA accepts it incorrectly advised this was £50 per person, rather than £75. RSA has since offered a payment totalling approximately £290 - which covers emergency accommodation and travel. I've not been provided with evidence which suggests this has been incorrectly calculated – and given the policy limit is £300 in respect of this - I'm satisfied based on the information I have it's fair and Mr L will need to let RSA know if he accepts this, so that it can arrange payment to him.

Delays

Mr L's strength of feeling about how he was treated by RSA is very apparent. He's made it clear he's unhappy with how long it took for his motorhome to be repatriated to the UK and he's unhappy with how RSA communicated with him and its agents – particularly with regard to his initial logging of the claim where he says he made numerous attempts to report the matter over the phone but to no avail. Mr L has provided call logs which show he tried to reach RSA on the date of the incident, and I appreciate that not being able to get through to an advisor no doubt, compounded what was already a very stressful situation. RSA hasn't disputed this.

From reviewing the file, it seems there was an avoidable delay with initially setting up the claim and a short delay during the repatriation of the vehicle – owing to the recovery vehicle breaking down when collecting the motorhome. Whilst frustrating, I have to keep in mind when determining compensation that this was a relatively short delay. And beyond this, I haven't seen persuasive evidence of RSA having caused avoidable delays during the repatriation of the vehicle and handling of the claim.

So, in light of the above, I'm satisfied £300 compensation is in line with awards this Service makes, and so I intend to direct RSA to pay this amount.

Other costs

The matter of RSA covering the cost of spectacles has been raised – but as this issue post-dates the FRL, I won't be commenting on this further.

RSA has explained to Mr L that it wouldn't send all his motorhome belongings to him but that these can be set aside so he can collect them. Or if he cannot collect them Mr L could claim for his belongings – subject to exclusions. On the face of it, this seems fair, and so Mr L will need to let RSA what he wants to do in respect of this.

Beyond economic repair

Mr L says RSA's decision to deem his motorhome beyond economic repair and therefore, a "write-off" is unfair - he says he wants his vehicle repaired. Under "How we will settle a claim under this section" the policy says:

"If the loss or damage is covered under your policy, we will settle your claim as explained below.

Motorhome - We may choose to pay in cash the amount of the loss or damage or we may repair, reinstate, or replace the lost or damage property. The maximum we will pay is in the sum insured shown in your schedule subject to any limits shown on your schedule or in this policy wording.

It goes on to say:

“If your motorhome is: stolen; or damaged and an approved engineer confirms the Motorhome is damaged beyond economic repair.

The maximum amounts We will cover are:

- The market value or the sum insured as noted on your schedule whichever is the lesser.*
- The cost of a new motorhome replacement if applicable”*

So, the policy makes it clear that RSA can choose to repair, reinstate, replace, or pay a cash settlement to settle the claim but where the motorhome is damaged beyond economic repair it will pay the market value, or the sum insured as noted on the schedule – whichever is less. Mr L’s vehicle is insured for £20,000.

Here, RSA’s engineer has said the vehicle is beyond economic repair explaining that the repairs are a minimum of 50% of the vehicle’s insured value and that was the case before the vehicle had been stripped back for further investigations – which in his opinion would reveal further repairs being required which in turn would increase the repair costs.

Ultimately, the insurer can decide at what value it thinks a car is uneconomical to repair – and given RSA’s engineer has explained the repairs are at a minimum 50% of the vehicle’s insured value, and will likely increase, I’m satisfied – in the absence of evidence to the contrary – that its decision to deem it beyond economic repair was reasonably reached.

RSA has agreed to settling the claim based on the maximum policy limit - £20,000 (subject to an excess deduction) – if the vehicle is written off. Given this is the maximum amount it’s liable to pay under the policy, there’s nothing further for me to consider in respect of whether this sum is fair.

RSA has also given Mr L the option of retaining the salvage and that a lesser cash settlement would be paid if he chooses to. It is normal practice that if the policy holder retains the vehicle the insurer will deduct a cost for salvage. In the absence of evidence to show RSA’s salvage calculation of £6,800 is unfair, I’m persuaded this is a fair way of settling the claim.

Mr L has said RSA told him his vehicle would be repaired. But I don’t agree with this. The engineer makes it clear that whilst it might suit Mr L to have the vehicle repaired, it’s not in RSA’s economic interest. I don’t consider this to be evidence of the engineer confirming a repair would be carried out. While I appreciate Mr L’s motorhome is very important to him and he hopes to retain use of it, the decision of how to settle this claim does not sit with him and I’m satisfied the settlement options provided by RSA are in line with the policy terms and are fair in the circumstances. So, Mr L needs to let RSA which option he wants to proceed with.

My provisional decision

My provisional decision is I intend to uphold this complaint and direct Royal & Sun Alliance Insurance Limited to pay Mr L £300 compensation.”

Both parties replied to my provisional findings. RSA accepted the decision. In summary Mr L said he wanted to know when he was going to be reimbursed the costs of his and Mrs L’s

glasses, and when he could expect a cheque from RSA enabling him to have his vehicle repaired through a repairer of his choice. And he reiterated wanting to be reimbursed for costs incurred and not being able to go on a planned holiday.

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 considered Mr L's response to my provisional decision, but it doesn't change the outcome I've reached. I explained in that decision why I wouldn't be addressing the issue about his and Mrs L's glasses as it post-dates RSA's final response letter – and so, it isn't within the scope of this complaint.

With regards to Mr L wanting to be reimbursed for the holiday he said he couldn't go on – this was the result of the accident, *not* RSA's handling of the claim. So, I won't be directing RSA to cover these costs. He might, however, be able to pursue the matter through his travel insurance policy.

I appreciate Mr L wants his vehicle repaired and for RSA to bear these costs, but put simply, I'm satisfied the settlement options proposed by RSA are both in line with the policy terms and fair and reasonable in the circumstances. I've explained why this is in my provisional decision and so, I won't reiterate it here.

So, it remains that Mr L will need to tell RSA which of the two settlement options he wants to accept – this being either a cash settlement for the maximum policy indemnity limit, or a lesser cash sum but with him retaining the vehicle (both of which would be subject to a deduction for the policy excess). Should he choose the latter option, any repairs would need to be carried out by him and would be at his own expense. RSA will be aware of its obligation to handle Mr L's claim promptly, and so once Mr L has told it his decision, I'd expect it to issue a cheque without avoidable delay.

I haven't seen anything in response to my provisional findings which persuades me the compensation needs to be increased from £300. And so, RSA will need to pay this amount to Mr L. If it has already paid £200 - as it had previously offered this amount of compensation - it can deduct this from the total compensation payable.

My final decision

My final decision is I uphold this complaint and direct Royal & Sun Alliance Insurance Limited to pay Mr L £300 compensation.

RSA must pay the compensation within 28 days of the date on which we tell it Mr L accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 February 2024.

Nicola Beakhust
Ombudsman