

## **The complaint**

A company, which I'll refer to as O, complains about Highway Insurance Company Limited's (Highway) handling of its claim and the consequential losses suffered following the theft of its vehicle.

For ease of reading, any reference to Highway includes their agents and those acting with delegated authority on their behalf.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

O is a removal company. It took out a van insurance policy underwritten by Highway. In April 2023, O's van was stolen. It was recovered a few days later by police, however, it had sustained extensive damage. O made a claim to Highway.

Highway accepted the claim, and the vehicle was later inspected to determine whether it was repairable. On 28 April 2023, Highway concluded that the vehicle was economically repairable and authorised the repairs. But some of the parts required to carry out the repair were unavailable and placed on back order. As a result, there was a delay with the repairs.

In the meantime, on 12 April 2023, Highway provided O with a courtesy vehicle. O said the vehicle provided wasn't suitable. On 26 July 2023, the courtesy vehicle was upgraded to a larger one, however it was still not the same size as O's. Highway said the courtesy vehicle provided was larger than what the policy terms say they will provide. They also referred to the policy not offering a like for like replacement.

O complains that the repairs have been unreasonably delayed and Highway didn't provide it with a suitable vehicle to allow it to continue offering removal services. O says that as a result of Highway's actions, it didn't have an income to keep up with the finance payments towards its hire purchase agreement for the insured vehicle. O feels that its credibility has been impacted as a result of not being able to offer its services during its busiest months which has impacted the longevity of its business as it had to stop trading. O also said Highway's communication has been poor and this has had a direct impact on its director.

To put things right, O said Highway should pay the total loss value of the vehicle due to the delay with sourcing parts. It also said Highway should meet the cost of the finance agreement during the period it didn't have its vehicle.

Highway didn't agree to cover the above costs. They said that the vehicle was economically repairable and so they wouldn't pay O the total loss value. They also said it was O's responsibility to keep up with finance payments for its vehicle and therefore it wouldn't pay anything towards this either. Highway maintained that it wasn't their fault the parts were on back order and that they had provided O with a courtesy vehicle.

Our Investigator looked into things. She thought that Highway should have reasonably done

more to provide O with a suitable vehicle sooner. However, she was satisfied that from the point the van was upgraded in July 2023, Highway had taken sufficient steps to minimise O's losses. She also considered the consequential losses presented by O. However, she wasn't satisfied that O had demonstrated that the drop in income was the proximate cause of the delays in this claim. She also said that it was ultimately O's responsibility to keep up with the finance payments, and it hadn't shown it took sufficient steps to mitigate its losses. She did however say that Highway should cover the missed finance payments between May 2023 and July 2023 because highway initially provided O with an unsuitable vehicle which couldn't be used to generate income. She also said Highway should pay O £500 for the inconvenience caused by the delay in their handling of this claim.

Both Highway and O disagreed with our Investigator, so the matter has been passed to me to decide.

### **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 note that while the complaint was being reviewed by the Ombudsman Service, the vehicle in question was repaired and returned to O in October 2023. O says it had further issues following the return of its vehicle. However, for the purpose of this decision, on agreement from Highway, I'm only considering Highway's actions in relation to the delays and consequential losses which occurred up to the point the vehicle was repaired and returned to O (October 2023). Anything after this time would need to be raised separately by O and doesn't form part of this decision. Also, as explained by our Investigator, I cannot consider the impact of this matter on O's director personally. Whilst I am sorry to hear about the impact on the director, the eligible complainant here is O, so I can only consider the impact of Highway's actions on O.

Both parties have provided detailed submissions to support their position. I want to assure them I've read and carefully considered everything they've said, but I'm going to focus on what I consider to be the key issues.

#### Delays and courtesy vehicle

The relevant rules and industry guidance say that Highway have a responsibility to handle claims promptly and fairly.

O's vehicle was taken in for repair in April 2023 and the repairs weren't completed until October 2023. It's not in dispute that there were extensive delays with repairing O's vehicle. Highway said it wasn't their fault that the parts weren't available to complete the repair sooner. While I appreciate that the availability of parts is out of Highway's control, it does have a responsibility to deal with claims promptly and fairly. I agree with our Investigator that it's not fair for O to suffer a loss caused by the delay in repairing O's vehicle. I'm therefore of the opinion that, in this situation, Highway should have taken sufficient steps to minimise the impact of the delay on O.

Having said that, insurance claims generally have some level of inconvenience and delay, and so it would be unreasonable to say that Highway should have taken further action immediately. Given the damage to O's vehicle, one month is a reasonable period for an insurer to arrange repairs. Highway inspected and authorised repairs for O's vehicle promptly on 28 April 2023. I therefore consider that one month from the inspection date – 28 May 2023, Highway should have done more to mitigate O's losses. It's also apparent from Highway's claim notes that it was aware of the delays with parts by this point.

O's policy states that while the insured vehicle is in for repair with one of its approved repairers, Highway will provide a courtesy vehicle for the duration of the repairs. It also states that a courtesy vehicle provided under this section will usually be a small car derived van. Initially, Highway provided O with a small transit van in April 2023. O said the vehicle wasn't suitable for its needs and so it was upgraded to a larger transit van in July 2023. The replacement vehicle was still smaller than the insured vehicle which was a Luton van. O said to our Investigator that the upgraded courtesy vehicle also wasn't suitable as it wasn't a like for like vehicle, which made it difficult to continue providing its services.

However, from the correspondence I have seen on the case, I am persuaded that when the vehicle was upgraded to a larger van on 26 July 2023, O did say at the time that the larger vehicle allowed it to continue working. I haven't seen any evidence that it made Highway aware that the vehicle wasn't suitable. I appreciate O said it accepted the larger van because it didn't think Highway could offer anything bigger, but based on its comments about the van being adequate to continue trading, and without informing Highway it wasn't suitable, Highway couldn't have reasonably done anything more.

Having thought carefully about the delays, I consider it was reasonable for Highway to provide O with a small van until 28 May 2023 as per the terms of the policy. As stated above, if O's van had been repaired within one month, this is what it would have been entitled to under the policy terms. But after this date, between the period of 28 May 2023 and 26 July 2023, as the delays continued and Highway was aware of the issue with the parts, they should have reasonably done more to go beyond the requirements of the policy. However, Highway left O with a small van until it was upgraded in 26 July 2023. I'm not persuaded Highway did enough to minimise O's losses during this time. I say this because Highway was aware that O was a removal company and it's clear that the insured vehicle was being used for business purposes. Highway therefore should have engaged with O about its needs going forward. I'm not persuaded that Highway did enough at this point to assist O.

I therefore consider it reasonable for Highway to have done more between 28 May 2023 and 26 July 2023 which was when the larger van was provided. I have considered the redress for this below.

### Consequential loss and redress

O said that it suffered a loss in its income in 2023 compared to the previous two years. It provided details of its income for the three years for comparison.

I note from the correspondence O provided to the Ombudsman Service, that O also referred to the impact on its business as result of losing two other vehicles in the same year. O said that it didn't own the other two vehicles and so it's not fair to take this into account. I haven't seen any evidence of these two vehicles which O refers to, so I can't say whether they belonged to O or not. However, from the correspondence I have seen, I'm satisfied that O mentions having access to two other vehicles which were also stolen prior to the claim in question. And it doesn't seem to be in dispute that O did have access to those vehicles.

Highway thinks they have done enough for O. As explained above, I do think there is a period where Highway are responsible for certain losses between May and July 2023. However, it is for O to prove what those losses are and that they've been caused as a result of Highway's actions. I have reviewed the evidence provided by O and I think there are some inconsistencies with the profit and loss information provided which doesn't tally with what's going on. I think that the fact O did have the use of other vehicles which it no longer has, had an impact. And it's not clear how the loss of this third vehicle translates to that impact. There are also inconsistencies with the testimony O has provided about the circumstances in

general around this. Ultimately, I'm not persuaded that O has demonstrated that the proximate cause of loss here is as a result of not having the vehicle in question for this period. I therefore don't consider it fair or reasonable to require Highway to compensate O for the loss of income it has claimed.

I have also considered O's argument that Highway should have considered paying the total loss value of the vehicle due to the delay with the repairs. When there are delays with repairs there comes a point where it is appropriate to consider a vehicle a total loss. Having thought about the level of delay experienced by O, while I appreciate it must have been a very difficult time, I don't think Highway needed to pay O the total loss value of the vehicle in this case. I say this because the vehicle was deemed economically repairable, and I haven't seen any evidence to suggest otherwise. Also, while I note there were delays, Highway did provide O with a temporary replacement that (as far as they were aware) was suitable. In these circumstances, I don't consider it appropriate to require Highway to write off the vehicle because they had taken appropriate action to minimise the impact on O. I'm therefore satisfied that it was fair and reasonable for Highway to repair O's vehicle.

O also argued that Highway should cover the missed finance payments under its hire purchase agreement while the vehicle was in for repair. The agreement in question is a contract between O and a third-party finance company. Ultimately, O is responsible for the payments due under this agreement. I note that the finance company offered to put a plan in place to support O with making payments, however O didn't take any action in relation to this. I therefore consider that O didn't take sufficient steps to mitigate its losses and I can't reasonably require Highway to cover all of the missed payments. I also note that from 26 July 2023, Highway provided O with a larger vehicle which allowed it to continue offering its services. I therefore don't think it would be fair to ask Highway to cover any costs from this date. However, I have considered the impact of Highway not providing O with a suitable vehicle between 28 May 2023 and 26 July 2023 which I have explored in detail above. I think it would be fair for Highway to cover the cost of the missed payments during this period due to the loss of its vehicle and Highway failing to provide a suitable option.

I also acknowledge that O was caused a lot of inconvenience by the delays experienced in this claim, and therefore Highway should pay O a total of £500 compensation.

### **My final decision**

For the reasons explained above, my final decision is that I uphold O's complaint and I direct Highway Insurance Company Limited to:

- Pay the missed finance payments for O's vehicle between 28 May 2023 and 26 July 2023.
- Pay O a total of £500 compensation. If £150 has already been paid, then only £350 will now need to be paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 16 April 2025.

Ankita Patel  
**Ombudsman**