

The complaint

Mr N complains that U K Insurance Limited (UKI) has failed to deal with his claim within a reasonable period, under his motor insurance policy.

What happened

Mr N made a claim to UKI in December 2022 regarding damage that had been caused to his car. He says there has been no progress on his claim. He received several update calls to tell him this, and says blame was placed on the third party's insurer (TPI). Mr N hasn't been provided with a courtesy car. He says this is because his car is expected to be categorised as a total loss. Mr N says his car still hasn't been assessed.

Mr N says he's been unable to re-insure his car when his policy term ended and has had to declare it under a Statutory Off-Road Notification (SORN). He says his car is effectively useless and it remains on his parent's driveway. He says this has left him "financially trapped". Mr N asks that his claim is assessed in a reasonable timeframe.

In its final complaint response dated 18 May 2023 UKI apologised that Mr N's claim hadn't progressed. It says this has now been prioritised and an engineer will assess his car. UKI says that because the claim hadn't progressed the salvage company it uses hadn't been instructed, which is why Mr N hadn't received updates about his vehicle.

UKI says a courtesy car is provided when a vehicle goes in for repairs. As this hadn't happened, this is why a courtesy car wasn't provided. It says if Mr N can provide invoices/receipts for his alternative transport costs it will consider reimbursement.

In its complaint response UKI says it's contesting liability with the TPI. But it concedes this should've been handled in a more pro-active way. For the poor claims experience and the frustration, it caused Mr N, UKI sent him a cheque for £400 as compensation.

Mr N didn't think he'd been treated fairly and referred the matter to our service. Our investigator upheld his complaint. She says UKI should provide a loss of use payment at £10 per day from one week after the claim was registered up to the date Mr N's car is assessed. She says if the car is considered a total loss UKI should consider adding 8% simple interest to its settlement payment. This should be calculated from one month after the claim up to the date the settlement is paid.

UKI didn't agree with our investigator. It offered a further £350 compensation, which it thought was fair along with its offer to consider Mr N's travel costs. This offer was put to Mr N, which he declined.

As an agreement wasn't reached the complaint has been passed to me to decide.

I issued a provisional decision in December 2023 explaining that I was intending to uphold Mr N's complaint. Here's what I said:

provisional findings

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 my intention is to uphold Mr N's complaint. I largely agree with our investigator's findings. However, the Financial Conduct Authority's (FCA) dispute resolution or DISP rules, set out how we must consider complaints. The rules say that UKI must first be given the opportunity to consider and respond to Mr N's complaint. If he remains dissatisfied, or it takes longer than eight weeks to respond to him, he can then refer the matter to our service.

UKI considered Mr N's complaint and sent its final complaint response dated 18 May 2023. This is essentially the cut-off date. I will consider what happened up to this date in my decision. Issues after this date must be raised as a separate complaint with UKI. As Mr N's car hadn't been assessed by this point, I can't consider the claim settlement or whether interest should be added to this.

I've read the notes and correspondence relating to Mr N's claim. I note UKI refers to its engineers being busy. But I can't see that there is a reasonable explanation why it took from December 2022 to May 2023 before Mr N's claim was progressed. UKI doesn't dispute that it has handled his claim poorly.

The claim records don't reveal much about UKI's contact with the TPI. It says in its complaint response that it could've been more pro-active in its approach. Although I acknowledge what it says, establishing liability needn't have delayed assessing the damage to Mr N's car and arranging repairs or a settlement payment. From what I've read Mr N's car was anticipated to be a total loss. An assessment of the damage was needed to confirm this. I think this should have been done within a few weeks at most. It shouldn't have taken close to six months before the matter was even progressed to this stage.

Mr N was without his car from the time the damage occurred. This has clearly been a significant inconvenience for him. His policy provides for a courtesy car when his car is being repaired. I acknowledge the policy doesn't provide for a courtesy car in the event of a total loss claim. But it wasn't known if Mr N's car was a total loss or not, due to UKI's delay in arranging for an engineer to assess the damage.

In these circumstances we think it's fair that the insurer provides a loss of use payment, to compensate for the loss of use of a vehicle, paid at the rate of £10 per day. UKI's failure to progress Mr N's claim effectively meant he was without his car, or the means with which to buy a replacement, for several months. Had it handled the claim effectively this wouldn't have happened. It should provide a loss of use payment starting from two weeks after he made his claim, up to the date of its final complaint response.

I note UKI's comments that it's offered to pay Mr N's transport costs if he's able to demonstrate his expenses. I haven't seen evidence of Mr N's costs between December 2022 and May 2023. But I think a loss of use payment is fairer. Mr N was denied the convenience of having a car available to him for this period. This was due to UKI's failure to handle his claim effectively.

I've thought about the impact all of this had on Mr N. He describes how he received some unhelpful updates blaming the TPI for delays in his claim. His emails weren't responded to, and he wasn't given a clear timeframe for when his claim would be resolved. I can understand that this must have been extremely frustrating for Mr N. It wasn't until six months after registering his claim that he received a meaningful response explaining that an engineer would be assessing his car. However, this still didn't provide a definite timeframe in

which Mr N's claim would be resolved. In these circumstances I think UKI should pay him compensation. But on balance I think its original offer of £400 was fair. So, I won't ask it to pay anymore.

I said I was intending to uphold this complaint and UKI should pay Mr N a loss of use payment calculated at £10 per day, from two weeks after he made his claim until the date of UKI's final complaint response.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mr N responded to say he is happy to accept my findings subject to consideration of some further points. More specifically he says he has yet to receive any constructive updates on the progression of his claim. Mr N says the original insurance premium and the policy terms were offered in bad faith. He says that as a first-time driver he was taken advantage of. Mr N says he is still without a car with no viable way to obtain affordable insurance on a new car due to, *"the loss of time considerations in regards to my NCDs"*.

UKI responded to say that the additional redress I set out in my provisional decision equates to £1,410. It says this seems high. UKI says it offered to consider Mr N's travel expenses, which is its usual process.

I issued a second provisional decision at the end of January 2024. Here's what I said.

second provisional decision

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so my intention is to uphold Mr N's complaint but with a different remedy to that set out in my first provisional decision. I'm issuing a second provisional decision so the parties can consider what I've said and if they want to they can provide further comments and/or information.

I've thought about Mr N's comments that he has yet to receive a meaningful update regarding his claim. I can understand that this must be extremely frustrating for him. Although I'm sorry that he continues to experience difficulties, I'm not able to consider these points. In my provisional decision I explained that the FCA DISP rules determine what we can consider. I'm only able to consider the complaint issues Mr N has already submitted to UKI.

The business issued its final complaint response on 18 May 2023. This is essentially the cut-off date for the issues I can consider in my decision. Anything that has happened since this time will need to be raised as a separate complaint by Mr N.

I've also thought carefully about UKI's comments that it offered to consider Mr N's travel expenses, which it thought was fair along with its offer of compensation.

Having done so I'm now minded to agree with UKI's approach. I think it's fair that it considers the additional costs Mr N had to pay whilst his car has been unavailable. Mr N can provide evidence to support these costs to the business. This will more accurately compensate him for the additional cost of getting around whilst his car was at UKI's garage. This is in-line with the current approach our service considers fair in circumstances like this.

In addition to this I accept that Mr N has suffered inconvenience and distress, which should

also be acknowledged by UKI. Six months is a long time to wait for accident damage to be assessed. Combined with the lack of meaningful communication, UKI's poor claim handling has caused Mr N considerable inconvenience and distress over this period. In these circumstances I think it's fair that it pays him £750 compensation.

I said I was intending to uphold this complaint and that UKI should refund Mr N's travel costs on provision of evidence, and pay him £750, in total, for the inconvenience and distress it caused him.

I asked both parties to again send me any further comments and information they might want me to consider before I reached a final decision.

Mr N didn't respond with any further comments or information for me to consider.

UKI responded to say it accepted my second provisional 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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my second provisional decision and for the same reasons.

My final decision

My final decision is that I uphold this complaint. U K Insurance Limited should:

- refund Mr N's reasonable travel expenses on provision of supporting evidence; and
- pay Mr N a total of £750 in compensation for the inconvenience and distress it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 13 March 2024.

Mike Waldron
Ombudsman