

## **The complaint**

Miss M complains that she experienced delays, poor service and no hire vehicle was provided by Royal & Sun Alliance Insurance Limited (RSA) following a non-fault accident claim, under her motor insurance policy.

## **What happened**

Miss M was involved in a collision when driving in March 2023. She says the other driver was arrested at the scene and was at fault for the accident. She contacted RSA to register a claim.

Miss M says no courtesy vehicle was provided by RSA, despite this being a requirement of her policy. She says she incurred over £20,000 in personal financial losses as a result of the non-fault accident. This includes loss of earnings, hire car costs, taxi fares, the cost of therapy for the impact this had on her mental well-being, as well as physiotherapy. She says she had to spend a lot of time trying to get through to RSA on the phone, which also required time away from her work.

In its final complaint response dated 30 May 2023 RSA says once Miss M made contact she was first referred to a credit hire company. It was expected she would be provided with a like-for-like hire vehicle. But the hire company couldn't do this as it didn't have admission of liability to ensure it could recover its costs. A small hatch back courtesy car was offered on an emergency 48-hour basis. But RSA says Miss M didn't want this.

RSA says an instruction was then provided to the hire company to supply Miss M with a car. But it says she didn't pass a residency check, which meant a hire car couldn't be provided.

In its response RSA offered Miss M £936 to cover her hire costs for the period 23 March 2023 to 28 April. It says her policy also provides 14 days' worth of hire car cover if her car is deemed beyond economical repair. Because of this RSA offered to cover hire costs up to 12 May (up to £50 per day) on production of receipts. Alternatively, it would provide a £12 per day loss of use payment for the corresponding 14-day period.

RSA acknowledged some delays in moving Miss M's car from storage to its garage and some communication failings. It apologised for not explaining the involvement of its salvage agent. And for not contacting Miss M about her new car replacement cover. RSA acknowledges that Miss M had to pay her monthly finance instalment on her car. But it says the payments she made reduced the finance owing. This meant the settlement amount it paid to her was greater.

RSA says Miss M made many more calls to its agents than she should need to. It also identified several occasions when call backs were requested and not carried out. RSA apologised for this and offered £475 in compensation.

Miss M didn't think she'd been treated fairly by RSA and referred the matter to our service. Our investigator upheld her complaint. She says it should pay Miss M an additional £54 for hire car costs plus 8% simple interest. As well as £28.06 in outstanding taxi fares plus

interest. She thought the compensation RSA offered for the delays and service issues was fair.

RSA didn't respond to our investigator. As an agreement wasn't reached it 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.

Having done so I'm upholding Miss M's complaint. Let me explain.

Having read the claim records along with Miss M's testimony and emails it's clear she had to make numerous contacts to RSA. This was to find out what was happening with her claim and ensure it was progressing – as it didn't appear to be.

RSA initially referred Miss M onto a credit hire company to provide her with a hire car whilst her claim was being dealt with. This didn't work out. RSA explains this company needed an admission of liability from the third-party. It didn't get this, which meant it wasn't guaranteed to recover the cost of providing a hire car. RSA says it tried to arrange a short-term hire through the same company. This also failed to complete as the company didn't get the information it needed following a residency check on Miss M.

The claim records show Miss M was engaging with RSA and its agents during this period. I can see a small hatchback courtesy car was offered. RSA says this is what Miss M's policy provides, but it wasn't suitable for her needs. I can see that Miss M subsequently arranged her own hire car, which she paid for herself.

The records support Miss M's comments that she received little in the way of progress updates. One example of this is that she wasn't informed whether her car had been collected from the recovery yard. When she queried this she was told the car was listed for disposal. This was because the recovery company hadn't been able to contact RSA. This isn't the standard of communication and service I'd expect RSA to provide.

On 11 April 2023 the records show Miss M contacted RSA and was told the third-party Insurer (TPI) was disputing liability. I can see there was some confusion on RSA's agent's part regarding where Miss M's car was located. Although the records show it hadn't moved from the recovery yard. Attempts were then made to appoint a garage. I can see that RSA wasn't initially able to source a garage to assess Miss M's car due to availability issues.

On 14 April 2023 the claim records show the TPI had accepted liability for the accident. On 18 April RSA contacted the hire company and queried why Miss M couldn't pass the verification check. It explained the lack of a hire car was causing her issues.

A record dated 24 April 2023 confirms Miss M's car was considered a total loss. Estimated repairs costs were confirmed at £50,167 with a high likelihood of more damage that had yet to be discovered. The note says the highest trade guide valuation for Miss M's car was £70,300. There is no dispute from Miss M that her car was a total loss. So, I needn't consider this point further. Other than to say approaches vary, but it's typical for a vehicle to be considered a total loss where the cost of repairs are in excess of 60% of its market value. Here, the repair cost are over 80% of the car's value. So, I don't think the decision to treat Miss M's car as a total loss was unreasonable.

RSA offered a settlement payment for £70,300 on 26 April 2023. On 28 April an internal note

says Miss M has “*new car replacement*” cover under her policy. The record says the amount it had offered won’t buy a new car. RSA tried to speak to Miss M that same day but couldn’t get through to her. She called back later. The discussion included concerns about her car being taken to a salvage agent, without her permission. RSA says it was following its accepted process in doing so to avoid further storage fees.

I can see Miss M called RSA on 29 April 2023. She’d been in touch with her insurance broker. She says her policy provides a new car replacement if it’s written off within the first two years of purchase.

On 23 May 2023 RSA contacted Miss M to say it’d been trying to obtain a settlement figure from her finance company. It asked for her assistance in getting hold of this information. Miss M provided this the following day. The outstanding finance on Miss M’s car was subsequently settled by RSA and the remaining balance was paid to her.

Having considered all of this it’s clear Miss M didn’t have a good claims experience. RSA failed to ensure she was kept informed. Delays occurred that appear to be due to a lack of pro-active claim handling and confusion on the part of RSA’s agents. This meant Miss M spent a good deal of time contacting RSA and this caused her stress, which shouldn’t have happened. I’m sorry she was distressed after the accident. I can understand that RSA’s handling of the matter made things worse. To put this right, it’s fair that RSA pays Miss M compensation. But I think the payment it provided for £475 is reasonable and in line with our accepted approach to these circumstances. So, I won’t ask it to pay more.

I’ve looked at the invoices Miss M provided showing what she paid to hire a car. This covers the period from 23 March 2023 up to 13 May and cost £1,200. RSA has agreed to pay the cost of hire car costs for this full period. I think this is fair. It should ensure it pays Miss M the full £1,200 plus 8% simple interest on any delayed payments, from the date of the invoice until payment is made.

I can see that RSA offered a loss of use payment for the period from 18 March to 22 March 2023 at a rate of £12 per day. It says it should’ve offered a courtesy vehicle for this period. I haven’t seen Miss M’s full policy terms and conditions to clarify this. We asked both RSA and Miss M to provide this information. They didn’t. So, based on RSA’s comments, which Miss M doesn’t dispute, a hire vehicle was expected for this period. I can’t see that she’s provided invoices for a hire car for this period. But she has provided taxi receipts. The total payment RSA offered comes to £60. I think it’s reasonable that RSA pays Miss M’s travel costs as a result of the loss of use of her car. But the taxi fares come to £88.06. It should pay the remaining amount plus interest on this unpaid part at 8%.

I understand Miss M is making a separate claim through RSA’s legal team to pursue the TPI for additional financial losses, including compensation for stress, medical costs, car finance payments, and loss of income. This isn’t something I can consider here as our investigator explained. If Miss M isn’t satisfied she should complain to RSA’s legal service. She can contact the Legal Ombudsman if she wants to pursue this aspect of her complaint further.

### **My final decision**

My final decision is that I uphold this complaint. Royal & Sun Alliance Insurance Limited should:

- reimburse Miss M with the full cost of her car hire plus 8% simple interest on the unpaid portion of these costs until this payment is made; and
- pay Miss M £28.06 to cover the cost of taxi fares plus 8% interest on any unpaid

amount from the date this cost was incurred until payment is made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 12 April 2024.

Mike Waldron  
**Ombudsman**