

The complaint

Mr S complains about esure Insurance Limited's (Esure) handling and settlement of a claim made under his car insurance policy.

What happened

Mr S has a car insurance policy underwritten by Esure. In September 2022 Mr S was involved in an accident so he made a claim to Esure, and his car was taken in for repairs.

Mr S' car required a replacement headlight, but the part was on back order, so a temporary fix was carried out. However, when the MOT was due, it failed on the basis the headlights were defective. Mr S contacted Esure and took his car back to the garage, who arranged for another MOT which was passed.

However, Mr S was told that the headlights wouldn't now be replaced as the car had passed the MOT.

Mr S complained to Esure about the service he'd received, and that the headlight wasn't now being replaced. Esure offered compensation and agreed for Mr S' car to be assessed to establish if a new headlight was required. Following this, Esure accepted a replacement was required, and also paid Mr S additional compensation.

However, Esure was unable to obtain the replacement headlight as it was still on back order, with no estimated timescale for manufacture. As a result, Esure paid Mr S £1,256.87 which they said would be the cost of a replacement headlight.

Mr S is unhappy with this, as he is also unable to obtain the part to carry out a permanent repair. And he's concerned that it is likely he will encounter the same issues at the next MOT without the part being replaced. He therefore asked Esure for his car to be written off, but they didn't agree.

As Mr S remains unhappy, he approached the Financial Ombudsman Service.

One of our investigators looked into things and upheld the complaint. She said Mr S had confirmed he was happy with the compensation he'd received so she wouldn't comment on that part of the complaint further. But she said that as replacements parts aren't available and with no estimation as to when they will be, Esure should treat Mr S' car as a total loss and settle the claim in line with the remaining policy terms.

Despite the investigator chasing Esure for a response to her assessment and recommendations, Esure didn't respond. So, the complaint was passed to me for a final 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've reached the same outcome as our investigator.

As Mr S has said to our investigator that he is happy with the compensation Esure have paid for the service he received, I won't comment on this specific point further. Instead, I'll focus on the crux of the complaint which remains in dispute, and that is the repairs required to Mr S' car and whether Esure needs to do anything else.

Firstly, I do note that this claim has been ongoing for a significant period of time. The claim was made in September 2022, and Mr S' car, whilst driveable, still hasn't had permanent repairs completed because the part is still unavailable.

During this period, Mr S' car was in for repairs and a replacement headlight was deemed required, but the part was on back order, therefore a temporary fix was completed in the interim. But the car then failed the MOT due to the headlights being defective. The garage subsequently arranged a MOT and the car passed with a temporary fix. However, it's not clear to me why it was then decided that a replacement headlight was no longer required, when from the outset this was deemed as needed.

Mr S then had to argue with Esure that a replacement was needed. Esure eventually agreed for an independent inspection to be completed, which confirmed as Mr S had argued (and Esure had previously accepted) that a replacement headlight was required. Ultimately it took around nine months to get to this point from when the claim was first made. But Esure has compensated Mr S for the service he received, and he's happy with the level of compensation provided by Esure overall.

However, after accepting a replacement headlight was needed, Esure was unable to obtain the replacement part as it was on back order with no expected manufacture date. So instead, Esure paid Mr S £1,256.87, which they said was the cost of the replacement.

I can understand why Mr S is unhappy with this. Esure can't obtain the replacement part, and neither can Mr S. I don't think it's fair for Esure to simply cash settle the cost, knowing the part can't be obtained, with no estimated timescale for when it can be. This means Mr S' car can't be, and hasn't been, repaired within a reasonable timescale, also taking into account that it's approaching 18 months since the incident occurred.

I think there are different options which Esure *could* have explored in the interim, such as second-hand parts, whilst awaiting new replacements. But Esure didn't explore other options, and instead cash settled the claim ultimately drawing a line under its involvement. And I don't think that's fair. I do also note that it appears from Esure's internal notes that there was suggestion of looking at different options, but this then wasn't taken further beyond cash settling.

Given the time that has passed, without parts being available, I agree with our investigator that Esure needs to do more here to fairly settle Mr S' claim.

As it is approaching 18 months since the car was first in the garage for replacement parts, and the parts are still not available to carry out a permanent repair, I think it would be fair and reasonable in the circumstances for Esure to treat the car as a total loss and settle Mr S' claim in line with the remaining policy terms. Esure would be entitled to deduct from the settlement amount what it has already paid Mr S for the parts which he was unable to obtain.

I think that is a fair and reasonable way for the claim and complaint to be settled in the circumstances.

My final decision

It's my final decision that I uphold this complaint and direct esure Insurance Limited to:

- Treat Mr S' car as a total loss and settle the claim in line with the remaining policy terms (Esure can deduct the amount it has already paid Mr S for parts from the total loss settlement amount due)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 March 2024.

Callum Milne
Ombudsman