

The complaint

Mr O complains about how Wakam handled a claim made on his commercial motor insurance policy.

What happened

Mr O's car was damaged in an accident, and he made a claim to Wakam. He said he couldn't contact Wakam and he needed his car for work. So after a few weeks he paid for the car to be repaired privately. Mr O was unhappy with Wakam's level of service. He wants compensation for his loss of earnings and the cost of repairs.

Our Investigator recommended that the complaint should be upheld. He saw that Mr O waited nearly four weeks for Wakam to act before he took his car for repairs. He thought this was an unreasonable time to wait, especially as Mr O needed his car for work. He also saw that Wakam hadn't responded to Mr O's emails. He thought Wakam should reimburse Mr O for the cost of the repairs and his loss of earnings for three weeks and pay him £150 compensation for the trouble and upset caused by its level of service.

Mr O agreed to this. But Wakam thought Mr O should try and claim for his loss of earnings from the Motor Insurer's Bureau (MIB) first as it said the other driver had been driving a stolen car and couldn't be traced. It also thought four weeks to repair the car wasn't unreasonable. It said it was waiting for Mr O to provide information so that it could pay for the repairs. It thought £150 compensation was excessive as it hadn't increased the policy excess due because Mr O used a non-approved repairer.

Wakam later said Mr O's car was roadworthy after the accident and this wouldn't have caused him a loss of earnings. It said Mr O had been offered a booking in date for his repairs, but he'd chosen to use his own repairer. As Wakam didn't agree, the complaint has come 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.

I can understand that Mr O feels frustrated that it is taking so long to settle his claim. He was also concerned about Wakam's progressing of the claim with the other driver's insurer. But I can't consider that here as I can't see that Mr O has complained about this to Wakam first to give it a chance to respond.

I think Wakam made a mistake when it directed Mr O to MIB when it said the other driver involved was driving a stolen car. The accident reported by Mr O involved a lorry and he provided Wakam with its registration and insurance details. The other insurer accepted liability a month after the accident. I can see that contacting MIB caused Mr O some inconvenience, but I don't think this error caused Mr O any loss.

Wakam has a responsibility to deal with claims fairly and promptly. So I've looked at the evidence available to understand the claim journey. From what I can see, Mr O reported the accident promptly and Wakam responded to this the following day. It said it had instructed a repairer to contact him and instructed another company for a hire car.

Mr O said he wasn't provided with a courtesy car as the other insurer initially disputed liability. From what I can see, he would have been provided with a car if his claim was accepted as non-fault. I can't hold Wakam responsible for the other insurer's decision to not accept liability at this stage. Mr O's guaranteed hire car replacement is provided by another insurer, and I can't consider that here as it's a separate business to Wakam.

Wakam then instructed a credit hire provider, but it didn't have any cars available. Mr O said a week later he had a call from the credit hire car provider to say that from a photograph it couldn't see damage to Mr O's car, and so it wouldn't provide a hire car until his car was taken for repairs.

Mr O said the approved repairer had taken a photograph of the damage, and it sent this to Wakam for it to authorise repairs. Mr O said he was losing money as he couldn't use his unrepaired car for work due to the damage, and he asked Wakam if he could take the car to his own repairer and pass the bill to Wakam.

From Wakam's notes, I can see that it asked the repairer to confirm that the car was roadworthy. It replied that it couldn't say that it met the relevant regulations for Mr O's work, but it was driveable. So I don't agree with Wakam's assertion that Mr O could have used his damaged car for his work.

Mr O hadn't received a response after three days and so he prompted Wakam to respond. Mr O then made a telephone call with Wakam two weeks later. He still hadn't had a response to a request to use his own repairer. He again stressed the effect this was having on his income. As he didn't receive a response to this, Mr O then had his car repaired by his own garage and he sent the invoice to Wakam.

Wakam said it had tried to provide Mr O with a booking in date for his repairs. But, from its file, I can see that this date was a month after the repairs estimate was done and three weeks after Mr O had the repairs done privately.

I can understand that Mr O was impatient to have the repairs done quickly as he needed a repaired car for his work. And I think he explained this to Wakam but it didn't sufficiently meet his needs by hastening the repair or providing a suitable replacement car. I don't think it was reasonable for Wakam to expect Mr O to wait any longer. I can understand why Mr O had the repairs done privately and I think this mitigated his losses.

Wakam acknowledged receiving the repairs invoice and passed it to its engineers for validation. The engineers eventually authorised the invoice. And about four months later, Wakam asked Mr O for his details and a receipt so it could raise the payment.

So it seems that at this stage the repairs estimate had been approved and Wakam was prepared to reimburse Mr O or his garage for this cost. And, as I think Wakam caused avoidable delays in dealing with Mr O's repairs, I think it's fair and reasonable that it should now pay for them.

Mr O has provided us with evidence to show that he paid the repairer £1,350 by bank transfer for the repairs to his car. I've checked that this payment was made to the managing director of the repairer. And so I'm satisfied that Wakam should reimburse Mr O this amount directly. Mr O could have provided this evidence to Wakam earlier, so I don't think it needs to add interest to this amount.

Mr O also wanted Wakam to reimburse him for his loss of earnings during the four weeks when he was unable to use his car for work. I agree with the Investigator that a claim will involve some inconvenience and it's reasonable to allow Wakam a week in which to arrange for the car to be taken to a garage. So I think Mr O was unable to use his car for work for three weeks.

Wakam has told us that "*Generally during the course of a non-fault incident a driver is entitled to compensation where they are unable to work.*" The other insurer accepted liability,

so I think the claim was likely to be non-fault. Mr O has provided evidence to show his earnings average about £950 a week.

Mr O has kindly provided his bank statements for this time when he said he was unable to work. I've checked these, and I can see that he didn't receive an income from his work during this time. And so I think Wakam should now pay Mr O £2,850 compensation for his three weeks' loss of earnings. And, as Mr O has been without his money for some time, I think Wakam should reasonably add interest to this amount.

Wakam disagreed that it should pay Mr O further compensation for his trouble and upset. Wakam later said that it had reduced the policy excess payable because Mr O used a non-approved repairer from £1,000 to £500. But this isn't supported by its notes. These say that the entire excess was waived when it received an acceptance of liability from the other insurer.

I can see that there's been some disagreement about the communication between Mr O and Wakam. Mr O wanted emails rather than phone calls and he emailed a case handler directly, but she didn't pick these up. So Mr O was caused frustration and inconvenience in chasing this up and this delayed the claim by two weeks.

There were also delays in progressing the repairs estimate. And Mr O had the inconvenience of arranging for his own repairs to be made. I think £150 compensation is fair and reasonable for this trouble and upset and in keeping with our published guidance.

Putting things right

I require Wakam to do the following:

1. Reimburse Mr O £1,350 for the cost of his repairs.
2. Pay Mr O £2,850 compensation for his loss of earnings, adding interest to this amount at the rate of 8% simple per annum from the date Mr O had his car repaired to the date of settlement†.
3. Pay Mr O £150 compensation for the distress and inconvenience caused by its handling of his claim.

†If Wakam considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr O how much it's taken off. It should also give Mr O a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Wakam to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 30 May 2024.

Phillip Berechree
Ombudsman