

The complaint

Mr B complains One Insurance Limited (One Insurance) unfairly settled his claim on his motor insurance policy.

One Insurance are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As One Insurance have accepted it is accountable for the actions of the intermediary, in my decision, any reference to One Insurance includes the actions of the intermediary.

There are several parties and representatives of One Insurance involved throughout the complaint but for the purposes of this complaint I'm only going to refer to One Insurance.

What happened

Mr B's car was involved in a collision with a third-party in May 2023. The third-party was at fault.

Mr B's car was assessed by an engineer and was classed as a total loss. The engineer's report included a total loss settlement amount and a cost to retain the salvage of the car. Mr B accepted the settlement amount and chose to keep the salvage of his car.

In August 2023 One Insurance told Mr B that it had increased the cost of salvage from the engineer's estimate of £2,329.25 to £6,655 which was 50% of the total valuation of the car. It said if Mr B wanted to retain the salvage of his car this was now the cost.

Because Mr B was not happy with One Insurance, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said they hadn't seen any evidence to support One Insurance's salvage value and found the engineer's report more convincing. They said One Insurance should increase the value offered by this amount with simple interest from the date of the interim payment. In addition, One Insurance should compensate Mr B £100 for the time, trouble and upset caused.

As One Insurance did not make a response to our investigator's view the complaint has been brought to me for a final decision to be made.

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.

After Mr B made his claim on his motor insurance policy the One Insurance legal team organised for an engineer to inspect his car and for a report to be completed. In this report, which was completed in May 2023, it detailed a total loss valuation of the car of £13,310. It said based on the damage to the car the repair cost was £14,886.32 so it recommended the car be dealt with as a total loss. The report included a salvage valuation of £2,329.25.

Mr B wanted to retain the salvage of his car, so he expected a payment of £10,980.75 plus the return of his car.

I saw Mr B contacted One Insurance on several occasions to chase payment of the settlement offered and for the return of the car.

In mid-August 2023 One Insurance said the salvage cost had changed from the amount in the engineer's report to 50% of the engineer's valuation. It said because the third-party car was found to be stolen Mr B's claim was going through his own comprehensive policy and *the salvage rate it charged is the salvage rate it gets from the agents so this was unable to change it*. It said the engineer's report and valuations was from an accident management company and not his own insurance.

A payment of £6,105 was made to Mr B on 16 August 2023. This was 50% of the total loss valuation of £13,310 less his policy excess of £550.

I saw our investigator asked One Insurance to confirm if the engineer's report was instructed by itself and to provide evidence to support its new salvage valuation. Despite a number of reminders it said it is not able to make a response and asked for the case to be escalated to an ombudsman for expediency.

Mr B confirmed the legal team who were progressing his claim and obtained the engineer's report are One Insurance's claim team and not part of a separate personal injury/uninsured losses claim. He said they were instructed by One Insurance and not himself.

The issue with the difference in salvage valuations appears to have arisen when the third-party was found to be in a stolen car. This meant Mr B's claim had to be covered by his own comprehensive motor insurance because it could not be recover the costs from the third-party. This would mean the policy excess would apply.

The report provided from the engineer shortly after the incident is detailed and I find this to be a credible report. One Insurance accepted the car valuation in this report but did not accept the salvage calculation. Because I have not seen any evidence or had any explanation from One Insurance to support its 50% salvage calculation, I am persuaded that the salvage calculation in the engineer's report should be used.

Therefore, I uphold Mr B's complaint and require One Insurance to use the salvage amount of £2,329.25 to settle his claim. This means an increase in the settlement of £4,325.75 and it should add 8% simple interest to this amount from the date the interim payment was made. One Insurance should also pay compensation of £100 to Mr B for the time taken by him to chase settlement of the claim and the upset caused by the change in its salvage calculation.

My final decision

For the reasons I have given I uphold this complaint.

I require One Insurance Limited to increase its settlement to £10,430.75. This is an increase of £4,325.75. It should add 8% simple interest to this amount from the date the interim payment was made. One Insurance should also pay compensation of £100 to Mr B.

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

Sally-Ann Harding

Ombudsman