

The complaint

Mr R is unhappy with the decision made by First Central Underwriting Limited (First Central) following a claim made under his car insurance policy.

What happened

Mr R made a claim under his car insurance policy following the attempted theft of his car. The facts of Mr R's claim are well known to both parties. So I haven't repeated them here.

Mr R complained to First Central about the way his claim had been handled. This included the delay in setting up his claim correctly, and not providing him with a courtesy car when needed. First Central recognised the service it had provided had been poor. In settlement of Mr R's complaint, First Central said it would cover the cost of repairs to Mr R's car that he had paid for himself, 9 days use of a hire car (subject to Mr R providing an invoice of the same), and £250 compensation to reflect the upset caused by the poor handling of the claim.

Mr R was unhappy with First Central's response, and brought his complaint to the Financial Ombudsman Service.

The investigator found that First Central's Service had been poor. The investigator recommended First Central pay the cost of repairs to Mr R's car that he had paid for himself, pay £1,071.87 reflecting the costs incurred by Mr R as a result of being without use of his car plus interest at 8% simple from the date of these costs being incurred until the date of settlement, and pay £400 total compensation to reflect the upset and inconvenience caused by First Central's poor handling of the claim. The costs incurred by Mr R included £626.87 representing the use of a hire car. The remaining amount was for taxi costs.

Mr R accepted these findings but said First Central should also pay interest on the cost of repairs to his car because he hadn't received this amount. Mr R also raised concerns with the amount of trouble and upset recommended, saying this should be higher.

First Central agreed to cover the cost of repairs to Mr R's car that he had paid for himself, the costs of taxis, and the total compensation amount of £400. First Central said it didn't think it was reasonable to cover the cost of Mr R's hire car on the basis that Mr R had chosen a car of a higher spec than what his policy would offer. First Central said instead it would be fair to pay £10 a day for the 11 days Mr R was in a hire car. As the complaint couldn't be resolved, it has been passed to me for 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'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that's happened or been argued is set out above, I've read and considered everything that has been provided. I've focused my comments on what I think is

relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

Cost of repair

First Central has confirmed that a cash in lieu of repairs payment was paid by cheque in September 2023. Mr R hasn't disputed the amount, and I'm satisfied it's in line with the policy terms. Mr R says he didn't cash the cheque because of the on-going dispute with First Central about his claim. And so First Central should pay interest in addition to this agreed amount. Whilst I can appreciate Mr R's position, I'm satisfied First Central provided a reasonable level of service in making this payment to Mr R once it was agreed that this cost would be covered. I accept that Mr R chose not to cash the cheque. And I recognise his reasons for this. But I haven't seen any evidence to suggest that Mr R was led to believe his claim or complaint would be impacted by accepting the cash in lieu of repairs payment. So I'll be directing First Central to pay this cost only.

Taxi/Hire car costs

First Central has agreed to cover the cost of Mr R using a taxi as an alternative means of transport whilst without use of his car. As these costs are not disputed, I'll be directing First Central to pay these costs.

First Central says it is unreasonable to cover the cost of Mr R's hire car on the basis that Mr R had chosen a car of a higher spec than what his policy would offer. First Central say instead it would be fair to pay £10 a day for the 11 days Mr R was in a hire car. I've carefully considered these comments. But I don't agree. I'll explain why.

It's not disputed that First Central failed to manage Mr R's claim in line with its usual service standards. Because of this, Mr R was forced to be without use of his car over several weeks. Mr R has provided receipts of the costs incurred. First Central hasn't disputed the taxi costs. I've also seen that the final response letter explained *'we will be happy to investigate if we can potentially reimburse you for the 9 days of hire, please forward the invoice at your earliest convenience.'*

I note First Central's comments about the type of car hired by Mr R. However Mr R only chose to hire a car himself because of First Central's error in failing to appoint a garage on time to manage his claim. On balance, it's more likely than not that Mr R would've chosen the option to claim on his policy (and benefitted from the use of a courtesy car in line with his policy terms) if the claim had progressed as it should've done. But that didn't happen. So I don't think it would be reasonable to apply the policy limits on the type of car Mr R could hire, when this wasn't an option for him at the time.

Instead I think it would be fair, and in line with our approach, to think about reasonable cost as the cost of hiring a car similar to the one owned by Mr R at normal commercial rates. And having considered the hire car chosen by Mr R, and the cost of hire, I'm satisfied it is reasonable for First Central to cover this cost.

Mr R paid for all alternative transport costs himself. It's fair that First Central pay interest to reflect the time Mr R has been without this money. So I'll be directing First Central to pay interest at 8% simple from the date of these costs being incurred until the date of settlement in line with our approach.

Trouble and upset

First Central has agreed to pay Mr R £400 total compensation in recognition of its poor handling of his claim, and the impact on Mr R. Mr R agreed to this compensation. I've also read Mr R's strong concerns about the way his claim has been handled, and the impact of the continual delays on his claim, and being without use of a car. I recognise Mr R's strength in feelings about the upset and stress caused to him directly as a result of First Central's failings whilst managing his claim.

It's not disputed that there were errors in the way Mr R's claim was handled. This includes the initial set up of the claim where Mr R was informed his car was a total loss because of the type of car set up on his policy (despite Mr R correcting this some time back). As a result Mr R was caused upset and inconvenience sorting out this error. The delays on the claim also meant that Mr R didn't have the opportunity to properly utilise his policy for completing repairs, and benefitting from a courtesy car. And it wasn't until many weeks after the date of the incident that First Central offered to reimburse the cost of the repairs incurred by Mr R himself. I recognise the stress caused to Mr R during this time.

Putting a price on any kind of trouble and upset experienced is never an exact science. I've considered our award bands alongside what Mr R has explained about the impact on him, and all aspects of his day to day life as a result of being without the use of a car, and having to use taxis to make travel plans. I also accept that the cost of these journeys meant that Mr R didn't go ahead with socialising or other leisure activities in the way that he would've had he had use of his own car.

I think £400 recognises the avoidable delays, and mismanagement of Mr R's claim, and the impact on him whilst waiting for his claim to be properly concluded. I appreciate Mr R feels strongly that First Central should pay him more. I'm mindful that insurance claims like Mr R's can often involve a level of stress and inconvenience even when settled in line with the way we'd expect. And once the issues with the correct car being noted on Mr R's policy became known, First Central took reasonable steps to put this right in its offer to reimburse Mr R's incurred repair costs. All things considered I am persuaded £400 compensation is reasonable, and in line with what we would direct in the circumstances.

Putting things right

First Central is directed to:

1. Pay £2,561.78 (minus the policy excess) for cash in lieu repair costs;
2. Pay £1,071.87 loss of use costs;
3. Pay interest at a rate of 8% simple a year to the loss of use payment from the date Mr R paid the cost to the date of settlement; and
4. Pay £400 (if any part of this compensation has already been paid First Central is required to pay the outstanding amount only)

My final decision

For the reasons provided I uphold this complaint. First Central Underwriting Limited must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 October 2024.

Neeta Karelia
Ombudsman