

The complaint

Mr O complains about delays to the repair of his car when he made a claim on a motor insurance policy provided by U K Insurance Limited trading as Privilege Insurance (UKI).

What happened

Mr O holds a motor insurance policy with UKI. In October 2023, he made a claim on the policy. UKI accepted the claim and said it would arrange for it to be repaired using one of its authorised repairers.

In January 2024, Mr O complained to UKI, saying the repairs hadn't been completed and explained the impact the delay was having on him. He also said the delay was causing a decrease in the value of his car.

When UKI rejected his complaint, Mr O referred it to our service. Our investigator thought UKI's response to the complaint hadn't been fair as while the delays to the repairs would appear to have been beyond their control, there had been a lack of contact or meaningful updates to Mr O and it hadn't considered or offered alternatives to using the authorised repairer. He recommended UKI pay £250 compensation to Mr O for the poor service he'd received, but didn't ask UKI to pay anything for the value of Mr O's car decreasing.

While UKI accepted this outcome, Mr O didn't. He considered the value of his car had decreased by several thousand pounds as a result of the poor service from UKI and so asked for an ombudsman's 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.

My understanding is that since the complaint was referred for an ombudsman's decision, repairs to Mr O's car have been completed. However, he's unhappy with the quality of the repairs and has returned the car to the repairer. I won't be addressing any matters relating to this in my decision as his dissatisfaction about the repairs and service related to that would be a separate complaint which would need to be referred to UKI.

It doesn't seem to be disputed that the repairs to Mr O's car took longer than was anticipated. UKI said there was a parts shortage which meant the repairer wasn't able to carry out the repair. It's said it can't be held responsible for this shortage.

I understand this, and accept that a shortage in the supply of the relevant parts isn't UKI's fault. I haven't seen evidence that the delay to the repairs was attributable to a failing on the part of UKI or the authorised repairer acting on its behalf.

However, what is apparent (and seems to now be accepted by UKI) is that during this period there was a lack of urgency on UKI's part to update Mr O, beyond templated updates with the date by which the repairs were due to be completed being changed. There doesn't seem

to have been a pro-active attempt to explain the issues, discuss options or consider alternatives. I can't see that UKI asked Mr O whether he was willing to accept a cash settlement to have the repairs done by a repairer of his choosing, or discussions with other repairers as to whether they could source the parts and repair Mr O's car sooner.

UKI says it can't guarantee another repairer would have been able to carry out the repairs sooner, and if it had used a non-authorised repairer it wouldn't have been able to guarantee the quality of the work. I understand this, but it seems to me that discussions around this could have been held with Mr O and other repairers depending on the results of those discussions.

The ongoing uncertainty and delays to the repairs undoubtedly had an impact on Mr O. He's explained his health was affected by not having his car and not knowing when it would be repaired. While a courtesy car was provided by UKI, he's still been inconvenienced by not having his own car and not knowing when he would get it back. He was also told dates when the repairs were likely to be completed, which weren't kept. All those factors would have caused frustration, confusion and upset. To recognise this, UKI should pay £250 compensation to Mr O which I think is a fair amount to reflect the impact UKI's poor service had on him.

Mr O says the amount paid by UKI should be higher because the value of his car has decreased. He's told us that prior to the claim he intended to sell the car, and points to a decrease in the values of similar models to his during the period when the repairs were delayed. UKI refers to conditions of the policy which say "*We won't cover any reduction in the market value of your car because it has been repaired,*" and "*We won't cover any loss or damage caused by general wear and tear or depreciation,*" and says that it shouldn't be liable for any decrease in the value.

I'm not sure the conditions being referred to by UKI are relevant here. It seems to me the intention of the first condition is to exclude from liability any decrease in the value which arises mainly because there have been repairs to the car. The second condition would appear to exclude any general wear and tear or depreciation costs from cover in its entirety, rather than being linked to a claim. Mr O's contention is that the value has decreased because of the length of time taken to repair the car by UKI's authorised repairer.

In any case, I don't believe it's reasonable to ask UKI to pay anything for the apparent decrease in value. I say this for two reasons. Firstly, I can't be sure that the repairs could have been completed sooner – the parts supply issue which is the underlying cause of the delay could have been across the industry and so any repairer would have been waiting for the parts, and therefore the repair would always have taken some time. As I've said before, UKI isn't liable for delays outside its control, and a complete shortage of the necessary parts is just that.

However, the primary reason why I don't accept UKI should pay for the apparent reduction in value is that while Mr O says he intended to sell his car, we haven't been provided anything from the time to show this was the case, such as an advert listing the car for sale, and also have nothing to show his car would have been sold for a certain amount, such as a sale agreement, and is now worth significantly less. I can't ask UKI to pay an amount for a hypothetical, unevidenced loss Mr O says he'd have suffered but for the claim and delays to it.

My final decision

I uphold Mr O's complaint. To put things right, U K Insurance Limited trading as Privilege Insurance must pay Mr O £250 compensation.

UKI must pay this amount within 28 days of us telling it Mr O accepts our decision. If it doesn't it must pay simple interest at a rate of 8% per year on this amount from that date to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 11 July 2024.

Ben Williams
Ombudsman