DRN-4807139

The complaint

Mr K complains about how Royal & Sun Alliance Insurance Limited ("RSA") has handled his motor insurance claim.

RSA is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As RSA has accepted it is accountable for the actions of the agents, in my decision, any reference to RSA includes the actions of the agents.

What happened

In March 2023, Mr K made a claim under his motor insurance policy with RSA after his car was damaged in an accident involving another driver.

In April 2023, RSA told Mr K it had deemed his vehicle uneconomical to repair and offered him a cash settlement. After Mr K queried the amount, RSA offered him a higher settlement which he accepted. However, when Mr K received the payment, he found it was £350 lower than he was expecting. When he contacted RSA, he was told the £350 policy excess had been deducted from the valuation of the vehicle.

Mr K raised a complaint about this, along with some other concerns about the service he'd received from RSA.

RSA apologised for giving Mr K some misleading information about the policy excess when it made the settlement offer. It acknowledged a delay in confirming his vehicle was a total loss. It also apologised for some poor communication about its offer to settle the claim on a 50/50 split with the third-party insurer and delays in chasing it up. RSA offered Mr K £350 to compensate him for its service failings.

Mr K remained unhappy and asked our service to consider the matter.

Our investigator acknowledged that RSA hadn't provided the level of service it should have done. But he thought the £350 compensation RSA had paid Mr K was enough to put things right. So, he didn't ask RSA to do anything further.

Mr K disagreed with our investigator's outcome. He said RSA's mishandling of his claim had put him in a worse financial position. He said RSA was unwilling to pursue even a 50/50 resolution with the third-party insurer which would impact his premiums for the next five years. He said he'd specifically asked the engineer if the excess applied, and he sent him written confirmation that it didn't. So, the complaint has been passed to me to decide.

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 decided not to uphold Mr K's complaint. I'll explain why.

Mr K has told us that his claim is still open as liability hasn't yet been agreed with the third-party insurer. I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

To be clear, in this decision I have only considered matters complained of up until the date of RSA's final response letter of 25 October 2023.

The damage section of the policy's terms and conditions say "*any excess shown under 'Accidental damage excess' on your Schedule for any damage to your car*" is not covered. The policy schedule shows a total excess of £350 for accidental damage.

I've listened to a recording of the call where RSA's engineer offered Mr K a cash settlement for the vehicle. The engineer told Mr K his car was uneconomical to repair and he could offer him £4,890 for the vehicle "*subject to any policy excess*". Mr K said he wanted to think about it. So, the engineer said he would send him an email with the offer and Mr K could either email or call him back.

I can see that the engineer sent Mr K an email the same day which said the value placed on the vehicle was £4,890 and the excess was "*£Nil*". In response, Mr K said he'd looked online, and the values of vehicles of the same spec were higher. The engineer said he could increase the value to £5,023. Once again, this email said "*£Nil*" next to excess.

Mr K provided his bank details and a payment for £4,673 was made to him around a week later.

When Mr K phoned the engineer to query the amount he'd been paid, the engineer said there was a £350 excess on the policy which had been deducted from the settlement. Mr K said that as the settlement offer emails said there was no excess, he thought a liability decision had been made. The engineer said the liability decision hadn't been made yet and there was a mistake on the emails. He told Mr K that he would be refunded the excess if it was determined to be a non-fault claim.

Mr K says he's specifically asked the engineer for information about the excess. It's not surprising that Mr K might not remember exactly what was said given the time that's passed. However, the emails and recordings don't support Mr K specifically asking about the excess. It seems that he assumed no excess would be deducted from the settlement because it had been determined that he wasn't at fault for the accident.

Mr K says that if the engineer had given the correct information, he would have kept the car and organised a repair. But it doesn't look like Mr K made RSA aware that this was what he wanted to do at the time. When Mr K contacted RSA a week after receiving the settlement, he said he had already purchased a new car. In any event, the policy's terms and conditions allow RSA to decide how to settle a claim. So, RSA might not have agreed to cover the costs of Mr K's car being repaired at a garage of his choice even if this had been discussed.
I appreciate it was disappointing for Mr K to find that the settlement was lower than he expected. However, RSA gave Mr K information about the policy excess in the policy document. So, I don't think it was unfair for it to deduct if from his claim.

Mr K has also complained that he was left for several weeks without a car due to a delay in sorting out repairs before being told it wouldn't be repaired. RSA says the car was still driveable after the accident. But it's apologised for a delay in its approved repairers contacting Mr K which delayed confirming the vehicle was a total loss.

Mr K says liability for the accident still hadn't been agreed with the third-party insurer a year after the claim. As explained, I can only consider matters complained of up until October 2023. RSA acknowledged it should have done more to chase the third-party insurer in its final response to Mr K's complaint and has apologised for this.

I understand that RSA's poor communication has caused Mr K some unnecessary upset and inconvenience. However, the £350 RSA has paid him is in the range of what our service would expect a business to pay where its mistakes have caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. So, while I understand that my answer will be disappointing for Mr K, I think this reasonably recognises the impact of RSA's poor service on him.

My final decision

For the reasons I've explained, I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 June 2024.

Anne Muscroft
Ombudsman