

The complaint

Mr C has complained about the poor repairs to his car following a claim under his Courier Insurance Policy and the impact this had on him emotionally and financially.

Any reference to QBE includes its agents.

What happened

Mr C was involved in an accident at the end of January 2023. His car was recovered by a recovery company arranged by the police. He contacted QBE to make a claim. It arranged for his car to be taken to a repairer, who I'll refer to as B, to be repaired. It took until 22 February 2023 for QBE to get the estimate from B and authorise the repairs. Mr C went to pick up his car on 17 March 2023. When he did this, he discovered the repairs had been done to a very poor standard. He complained to QBE about this. QBE agreed the repairs were unsatisfactory and planned to have this rectified. But it eventually decided to write off Mr C's car, rather than try to rectify the repairs. It eventually paid Mr C £14,000 for his car, less his policy excess.

Mr C complained to QBE in May about the problems he'd had with the repairs and the emotional and financial impact this had had on him. He has since explained that, while he did get a hire car from QBE in March, he wasn't allowed to use this for work. This meant he'd not been able to earn anything as a courier since February 2023, because he couldn't afford to hire a car he could use to do deliveries. QBE issued its final response on Mr C's complaint on 18 May 2023. In this it apologised for the problems he'd had and offered him £200 in compensation for distress and inconvenience.

Mr C asked us to consider his complaint. He's since told us that he got another job on 3 July 2023, for which he didn't need to use his car. And by this time his car had been written off and he'd received the payment for it.

One of our investigators considered Mr C's complaint. He said that QBE should cover Mr C's loss of earnings from February to July when he started his new job. He also said QBE should pay Mr C a total of £400 in compensation for distress and inconvenience.

Neither Mr C nor QBE responded to the investigator's view, so the complaint was referred to me for a decision. Although, our investigator later spoke with Mr C and obtained some further information at my request.

I issued a provisional decision on 15 May 2024 in which I set out what I'd provisionally decided and why as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's clear from its notes on the claim that QBE wanted to appoint one of its approved repairers to repair Mr C's car, but this wasn't possible due to capacity issues. Instead of this it appointed B, a non-approved repairer. It did this instead of asking Mr C to find a repairer and provide an estimate for the repairs to his car. Unfortunately, B did a terrible job and this

led to QBE deciding to write off Mr B's car. This means QBE needed to base its settlement of Mr C's claim on the cost to Mr C of replacing his car. It was however entitled to deduct his excess, as liability for the accident giving rise to the claim was not decided and Mr C would always have had to pay the excess up front – even if his car had been properly repaired. I'm aware Mr C has said he was told otherwise, but this is the subject of a new complaint he has made to QBE, which I am not considering in this decision.

So, to make sure Mr C has been properly compensated for the loss of his car, I've checked the guides we use to value cars to make sure QBE's settlement was based on the correct replacement cost. And I'm satisfied it was.

The terms of Mr C's policy required QBE to pay the cost of repairing Mr C's car less his policy excess. And there is nothing in the policy that meant QBE was obliged to use one of its approved repairers to repair it or to provide Mr C with a replacement car, while his car was off the road. QBE was of course entitled to offer Mr C the option of using one of its approved repairers. But, as it did not have one available, QBE should just have settled Mr C's claim by paying the cost of repairing it at a repairer of his choice. And if it had done this, I think Mr C's car would have been repaired and back on the road by the beginning of March 2023. Instead QBE made an error and appointed a non-approved repairer and this meant Mr C's car was still off the road in September 2023 when QBE wrote it off.

If QBE had left it to Mr C to organise the repair, as it should have done, he would probably have been without a car for a month or so anyway. And he would not have been able to earn anything from his job as a courier in this period. But I consider it most likely that he'd have had his car back repaired by the beginning of March and he'd have then been able to earn income from couriership until he got his new job on 3 July 2023. I think it is fair to say Mr C would have had his car back and been able to use it by 6 March 2023 if everything had gone as it should have done. This means as a result of QBE's error in appointing B and B messing up the repairs to Mr C's car, for which I consider QBE is responsible, Mr C lost his regular income from couriership for a period of 17 weeks. And I think he needs to be compensated for this.

Mr C has provided his tax return for his self-employment income from 2021/22. And I'm satisfied from this that it is fair to say Mr C would have made a profit, i.e. received a net income after expenses, of at least £290 per week on average in the period he was without his car due to QBE's failings. This means I consider it fair and reasonable for QBE to pay him £4,930 in compensation for loss of income. Mr C should also be compensated for being without these funds. And – for the sake of ease – I think it is fair and reasonable for QBE to pay interest on this amount from 3 July 2023 at our normal rate of 8% per annum simple.

I've also noted the very significant level of distress and inconvenience Mr C experienced because of the problems with the repairs to his car. He's described how he couldn't meet his mortgage payments for a period due to the loss of income and the strain this had on him personally. And I do not doubt the level of stress was extreme and very difficult for Mr C to cope with. In view of this, I think he should receive a lot more compensation for distress and inconvenience than QBE offered and our investigator suggested. And I've provisionally decided £800 in total is fair.

My provisional decision

For the reasons set out above, I've provisionally decided to uphold Mr C's complaint and make QBE do the following:

- Pay Mr C £4,930 in compensation for loss of income, plus interest on this amount at 8% per annum simple from 3 July 2023 to the date of payment.

- *Pay Mr C £800 in compensation for distress and inconvenience.*

I gave both parties until 4 June 2024 to provide further comments and evidence in response to my provisional decision.

Mr C has responded to say he accepts my provisional decision.

QBE has responded to say it provided Mr C with a hire vehicle from 27 March 2023 and it thinks this means it is only liable for his loss of income for the period 6 to 27 March. It has said it accepts my view that it should pay £800 in compensation for distress and inconvenience.

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 have noted what QBE has said in response to my provisional decision. But, as I explained in it, Mr C was told he was not allowed to use the hire vehicle he was provided with for couriering. Therefore, it remains my view that he didn't have a vehicle to enable him to carry out his job for the period 6 March to 3 July 2023 due to QBE's failings. And this means I still consider it is appropriate for QBE to cover Mr C's loss of income in this period, which lasted for 17 weeks.

Putting things right

For the reasons set out above and in my provisional decision, I've decided to uphold Mr C's complaint and make QBE do the following:

- Pay Mr C £4,930 in compensation for loss of income, plus interest on this amount at 8% per annum simple from 3 July 2023 to the date of payment.*
- Pay Mr C £800 in compensation for distress and inconvenience. If it has paid him the £200 it offered it can deduct this. QBE must pay the compensation within 28 days of the date on which we tell it Mr C accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.*

* QBE must tell Mr C if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr C if asked to do so. This will allow Mr C to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Mr C's complaint and order QBE UK Limited to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 July 2024.

Robert Short
Ombudsman