

The complaint

Miss A complains about how Royal & Sun Alliance Insurance Limited (“RSA”) dealt with a claim for repairs she made on her car insurance policy.

RSA are the underwriters of this policy, i.e. the insurer. Part of this complaint concerns the actions of the agent. Since RSA accept it is accountable for the actions of the agent, in my decision, any reference to RSA includes the agent.

What happened

Miss A has a motor insurance policy with RSA.

Unfortunately Miss A was involved in a car accident. She notified her insurer and provided it with details of the third party.

A few days later her car was collected by RSA’s approved repairer. It wasn’t returned until September; Miss A says this was because the job was sub-contracted to another repairer.

When the car was returned to Miss A there were problems with it – there were electrical issues and the car wouldn’t start. Miss A says she was told the doors would be replaced but they were patched up, so the work wasn’t completed as she expected.

Miss A says she wasn’t kept up to date and spent a lot of time chasing RSA for updates. She says at times RSA weren’t aware of where her car was. Miss A was provided with a courtesy car for the duration of the repairs. But RSA failed to notify the provider that the repairs were taking longer than anticipated, and so she was chased to return the courtesy car.

Miss A has been paying insurance for a car that has been sat on her drive for three months. When the car was returned to her in September it had further damage to it. She was told the electrical faults on the vehicle could be related to a previous incident but Miss A says the car had its MOT and health reports; and these say her car was fine. Because she wasn’t happy she complained.

RSA accept the service provided to Miss A fell below the level it would have expected and offered £700 for the distress and inconvenience together with loss of use payments for the period Miss A was unable to use her car, and it agreed to repair the vehicle. Miss A didn’t think the offer reflected the distress and inconvenience caused to her.

Miss A referred her complaint to the Financial Ombudsman. One of our investigators looked into things for her. He said he didn’t think RSA had treated Miss A fairly. He recommended RSA increase its offer for compensation to £950 to reflect the additional delay of five months before Miss A’s car was repaired. The investigator also added 8% simple interest to the refund for the car hire charges, plus £50 for the distress and inconvenience caused to Miss A in trying to sort the matter out. He also said RSA should pay Miss A loss of use of £396 for the period up to 31 October 2023. And a further loss of use payment from November 2023 to 31 March 2024.

Miss A agreed with the investigator's findings. RSA didn't respond apart from to say it thought the investigator had gone beyond the scope of the final response letter in his investigation of Miss A's complaint. Since an agreement wasn't reached the complaint has been referred 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'm upholding it – and I'll explain why.

There is no dispute from RSA that the delays on its part were unnecessary and caused Miss A to be without the use of her car for much longer than she should have been. RSA has already acknowledged that. But it said the investigator should only comment on matters up to the final response letter. I've thought about this carefully and considered the service's duty to progress complaints promptly and efficiently, whilst ensuring we resolve disputes fairly.

The rules that govern the Financial Ombudsman are set out in the Dispute Resolution Rules ('DISP rules'). DISP 3.6.1 says, "*The Ombudsman will determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case.*"

Miss A's complaint is about the claim delay and she received a final response from RSA that addressed the complaint. Miss A's accident was in June 2023 and she didn't receive her car back until April 2024. Both the investigator and I gave RSA the opportunity to provide its comments on the delays in the claim up until when the car was returned. But RSA didn't provide any. So I'm satisfied RSA had the opportunity to address the further delays, which aren't a new complaint – the complaint is still the same – claim delays. And by not looking at the delays as a whole I don't think I would be taking into account all circumstances of the complaint.

A claim of this nature was always likely to be a disruptive and stressful experience for Miss A. Ultimately the accident caused damage to her car so she was unable to use it. But I've had to decide what impact RSA has caused over and above what might reasonably be expected, through its handling of the claim.

I understand Miss A has strong views about what happened and I can empathise with the position she found herself in. I have read and considered everything I have received carefully. My role is to consider the evidence to reach what I think is a fair and reasonable outcome.

Since Miss A referred her complaint to this service RSA has arranged for her car to be repaired and it has reimbursed her for the cost of the hire car. RSA has also agreed to pay Miss A a 'loss of use' payment for the period she was unable to use her car. So the remaining aspect of her complaint to consider is the distress and inconvenience caused by the handling of the claim.

RSA accept the service it provided fell short of what Miss A was entitled to expect. Miss A provides compelling testimony regarding the impact of the matter. Prior to the accident Miss A had a car that was safe and worked as it should. So I think RSA need to take steps to put Miss A back in the position she was in before the accident happened, as far as is possible. Miss A's accident was in June 2023 but she didn't receive her vehicle back in the condition it had been in before the accident, until March 2024. She had to contact RSA numerous times to understand what was happening with her claim and she was provided with incorrect information on occasion.

Compensation

When thinking about what RSA should do to put things right, any award or direction I make is intended to place Miss A back in the position she would have been in, had RSA completed the repairs as it should have.

I can see Miss A has suffered disruption to her daily life over a sustained period with the impact felt over many months. I've thought about the impact this matter is likely to have had on Miss A given the circumstances she described. When RSA returned her car to her and she found it hadn't been repaired, I think it would have caused Miss A some distress.

I've needed to think about the impact this had on Miss A, when deciding whether the compensation already offered is fair.

I think the award of £950 recommended by the investigator is fair and reasonable in the circumstances of the complaint. I say this because the impact of RSA's mistake caused Miss A distress, upset, and worry over a number of months.

Putting things right

Given the conclusions I've reached, as set out above, I direct RSA to;

- Pay Miss A £950 for distress and inconvenience caused,
- Pay Miss A £50 for incorrectly debiting her account £1,000,
- Add interest at 8% simple* per year to the incorrectly paid £1,000; from the date the payment was debited to the date the money was reimbursed to her,
- Pay Miss A loss of use of her vehicle - £396 up to 31 October 2023,
- Reimburse Miss A for her use of public transport and taxis for the period 1 November 2023 to 31 March 2024; subject to receipts evidencing the same. Where receipts aren't available RSA should use a standard rate of £12 per day.

*if esure considered that its required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss A how much it's taken off. It should also give Miss A a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, I uphold Miss A's complaint and direct Royal & Sun Alliance Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 20 August 2024.

Kiran Clair
Ombudsman