

The complaint

Mr L has complained about the settlement offered by U K Insurance Limited trading as Direct Line (UKI) when he made a claim under his motor insurance policy.

What happened

The background to this complaint is well known to the parties so I won't repeat it in detail here. In summary Mr L made a claim under his motor insurance policy following an incident in 2020 where his car was damaged and required repair. There has been an earlier complaint about the issue as the car wasn't returned to its pre-accident condition following repair and needed to be returned on several occasions. Compensation was agreed. I can't revisit the previous complaint in this decision.

This complaint concerns the offers made by UKI to settle the claim. The first was to write Mr L's car off and pay him the market value, the second was to pay cash in lieu of repairs. Mr L didn't accept the market value offer and felt a cash settlement based on the cost of rectification was preferable but rejected the offer UKI made.

Our investigator felt that UKI had made reasonable attempts to resolve the dispute and its offers were fair and reasonable.

Mr L didn't agree and sent in a second report for the repairs to be done from a garage different from the first, I'll call the garage E.

UKI has shared this report with its engineer and made an increased cash in lieu offer. The settlement offer it makes is now £13,528. It didn't accept the full estimate was justified for two reasons.

Firstly it said that the windscreen was included for renewal on the new estimate, but it didn't consider that there was anything wrong with the windscreen in place, which wasn't a genuine part. Secondly it didn't consider that the cost of the high-grade polish was justified at £650 – it suggested that £250 would be more appropriate.

Mr L remained unhappy with the revised offer. As no agreement was reached the matter was referred to me to decide.

I issued a provisional decision saying as follows:

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 Mr L that while I've summarised the background to the complaint, I've carefully considered all that's been said and sent to us. I appreciate this has been a difficult and frustrating time for him. In this decision though, I haven't commented on each point that's been raised and nor do our rules require me to. Instead, I've focused on what I consider to be the key issues.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. So

I've considered, amongst other things, the terms of Mr L's policy, relevant regulatory rules and guidance, and the repair estimates, to decide whether I think UKI has handled Mr L's claim fairly.

Mr L indicated that a cash in lieu of repair settlement was preferable to him. He has said that he would prefer his car not to be declared a total loss as this would leave him without a car. Accordingly I've thought carefully about the estimate from E and UKI's increased settlement offer.

Having considered E's estimate, UKI increased its original cash in lieu offer by £2550. This took into account the new estimate and enhanced rates UKI now used for cash in lieu settlements. But UKI felt that £650 seemed excessive for the polish and £250 would be more appropriate. It noted too that this wasn't included on the first estimate. However E, an established garage, quoted a price and I don't find that Mr L was in a position to challenge that. I note too that he had paid £500 for a similar polish guard four years ago. So I find it would be fair and reasonable to increase the cash in lieu offer by £400 to incorporate the full cost of the polish.

Mr L has expressed great concern about the windscreen, which isn't a genuine part. He feels that it could shatter and put his life at risk. UKI agrees that the windscreen isn't a genuine part but has said there is nothing wrong with the windscreen. I find that UKI's response is reasonable here. I've taken into account too that Mr L's policy doesn't guarantee which parts will be used in the repair. So I don't find it was unreasonable for UKI to deduct this cost from the settlement.

Finally Mr L has expressed concern that the estimate has now expired. Although only dated 26 April 2024, I accept that were Mr L to ask E to go ahead with the repairs, the price might have increased marginally. Taking this into account I find it would be fair and reasonable for UKI to make a cash in lieu settlement to Mr L in the sum of £14,000 in resolution of this dispute. For the avoidance of doubt Mr L will retain his car and can decide whether he wishes to go ahead with the repair or not.

UKI has accepted that there have been communication issues and call backs were not made when promised. It offered £75 in compensation, and I find that was fair.

So my provisional decision was that I was minded to uphold the complaint and to require U K Insurance Limited trading as Direct Line to make a cash in lieu of repair settlement to Mr L in the sum of £14,000.

I explained that I would look at any more comments and evidence I received but unless that information changed my mind my final decision would be along the lines of my provisional decision.

Mr L accepted my provisional decision but made some further comments. In summary he did feel that the windscreen should have been a manufacturer's original. He reiterated that other windscreens, including cheap fakes, could shatter easily and potentially put his life in danger. Additionally Mr L was concerned that to replace his car would now cost him more, and he wouldn't be put in the same position he was before the loss, but he was willing to accept the decision if UKI paid promptly. He made the point that the main dealership (where he was hoping to exchange his car) were now saying that his car was worth £500 less than it was 6 months ago as there was a gap in the service history. Finally he did not want the car to be categorised in any way.

Direct Line accept the provisional decision too and agreed to pay the cash in lieu of repair settlement of £14,000. It confirmed the car was not being written off, therefore wasn't being

added to the register.

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.

Although Mr L has accepted my provisional findings, I've taken into account the further representations he has made. I have already addressed the point regarding the windscreen in my provisional findings, so I won't repeat that here.

I do understand that Mr L feels that he will be out of pocket, but cars do depreciate in value. He has had the use of his car for those months, although I accept he feels it is not the same car. The price a dealership will give in part exchange is dependent on a number of factors, as Mr L is aware. I'm not persuaded that any depreciation in value has been caused wholly by UKI.

My provisional decision was based on the cash in lieu settlement which I was satisfied was fair, with the inclusion of an increased sum for the polish. I remain of that opinion and I'm not persuaded to change my provisional findings on the basis of the representations now made.

I adopt my provisional findings here.

My final decision

My final decision is that I uphold this complaint. I require U K Insurance Limited trading as Direct Line to make a cash in lieu of repair settlement to Mr L in the sum of £14,000.

U K Insurance Limited trading as Direct Line must pay the compensation within 28 days of the date on which we tell it Mr L 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 25 July 2024.

Lindsey Woloski
Ombudsman