

The complaint

Mr M complains that UK Insurance Limited trading as Direct Line (UKI) settled his claim on a 'total loss' basis unfairly after he made a claim against his car insurance policy.

What happened

Mr M held car insurance through UKI. In December 2023, following an incident, Mr M contacted UKI to make a claim on his car insurance policy. The engineers report completed by Mr M's garage was sent to UKI for consideration. UKI reviewed the costs involved in repairing Mr M's car against its pre-loss value and deemed Mr M's car beyond economic repair. In other words, it decided to 'write off' Mr M's car. Mr M complained. He said the costs UKI had placed on repairing his car were excessive and his car should have been repaired. UKI considered Mr M's complaint but didn't change its position as it said the costs to repair the car were uneconomical. So Mr M referred a complaint to this Service.

Our Investigator didn't uphold the complaint. They didn't think it was unreasonable for UKI to write off the car based on the repair costs involved. Mr M didn't agree. He said UKI didn't inspect his car before it decided to write it off. Mr M also said he had spoken with an independent engineer who believed the costs in repairing the car were excessive.

As Mr M didn't agree with our investigator, 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.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.

Mr M has referred another complaint to this Service about the market value UKI placed on his car and the overall service he received during the claims process. These issues will be addressed in a separate decision. This decision focuses on whether UKI acted fairly and reasonably when it decided to treat Mr M's claim on a total loss basis.

The policy booklet sets out exactly what's covered under the policy. And under section 4, accidental damage, it explains UKI can choose how to settle a claim. It might not do so in the way Mr M wants it to, but UKI is allowed to do so. This Service doesn't disagree with the term in principle provided an insurer can show it treated its customer fairly when applying it. Most cars after an accident are repairable but it's not always economic to do so. UKI received the engineers report from Mr M's local garage and considered the costs it had quoted to repair Mr M's car. Based on the costs involved compared with the market value of Mr M's car, I don't think it was unreasonable for UKI to write it off as it wasn't economical to repair it.

I acknowledge Mr M has said he spoke with an independent engineer who said the costs to repair the damage were less than quoted for by the engineer who assessed Mr M's car. But- I've seen no documentary evidence to support these comments or how the engineer came to this conclusion. I haven't seen any evidence that persuades me the repair costs quoted by the repairer were excessive, or it was unreasonable for UKI to rely on this when deciding whether Mr M's car was repairable or not.

Based on the terms of Mr M's policy and the evidence UKI relied on when considering Mr M's claim, I don't think it was unreasonable for UKI to deem the car a total loss.

My final decision

For the reasons above, my final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 November 2024.

Adam Travers
Ombudsman