

The complaint

Mr H and Ms J complain about how One Insurance Limited dealt with a claim against their motor insurance policy. Reference to One Insurance includes its agents.

What happened

In summary, Mr H has a motor insurance policy underwritten by One Insurance. Ms J is a named driver on the policy. Unfortunately, on 5 October 2022, Mr H's car was stolen. On 6 October 2022, Mr H made a claim against the policy. Mr H's car was recovered by the police on 7 October 2022.

On 4 November 2022, One Insurance validated the claim and instructed its approved repairer. Sometime in November 2022, Mr H's car was returned to him. Mr H said that the car was running poorly: an engine warning light came on and there were difficulties with the replacement tyre and fuel line sensor.

In late November 2022, Mr H contacted One Insurance and asked that it deal with rectification works. Mr H returned his car to One Insurance's approved repairer. One Insurance says its approved repairer found additional damage and on 16 January 2023, it told Mr H his car was a total loss, that is, beyond economical repair.

On 20 February 2023, One Insurance told Mr H its valuation of his car was £16,100, which it increased to £17,500. Mr H didn't think that was fair. On 20 March 2023, One Insurance paid Mr H £17,500 on an interim basis.

Mr H and Ms J say One Insurance's offers are insufficient. They say the car was written off due to damage from the repairs carried out by One Insurance's approved repairer. Mr H and Ms J say they paid £19,000 for the car 12 months earlier and One Insurance's offer of £17,500 is therefore insufficient. They say the cost of a replacement car of the same quality and specification is more than £17,500, as prices have risen.

Mr H and Ms J say One Insurance didn't provide them with a courtesy car during the initial repairs. They say there was a long delay in receiving an offer after One Insurance said the car was a total loss. Mr H and Ms J say they spent £494 on a hire car after the car was written off but before they found a suitable replacement. They say they lost work when dealing with the claim. Mr H and Ms J say the renewal quote increased from £366 to £1,800 and they renewed for considerably less than that with another insurer.

Mr H and Ms J want:

- an increased valuation of the car to £19,000;
- compensation of £4,800 for stress and lost working time at the rate of £200 per week for the period 5 October 2022 to 20 March 2023;
- 10 days hire costs at £494.54;
- refund of insurance costs of £366;
- compensation of £2,800 for the increased cost of a replacement car and

- One Insurance to accept responsibility for the write-off, apologise for its handling of the claim, provide them with its records about their claim, reassess its complaints procedure and improve its call handling.

In response to the complaint, One Insurance offered compensation of £350 in relation to its delay validating the claim and for returning the repaired car then deciding that it was a total loss.

One of our investigators looked at what had happened. He said he'd obtained valuations of the car from the available trade guides and the highest valuation was £17,980. The investigator said it was fair for One Insurance to increase the valuation by £480 to £17,980 and pay interest on the increase.

Our investigator didn't think that there had been significant, avoidable delays up to the date the claim was accepted. But he thought that it was fair for One Insurance to pay compensation for loss of use of the car at the rate of £10 per day for the period starting when the car was deemed repairable, to the date it was first returned. The investigator didn't think that One Insurance was responsible for car hire costs as the policy doesn't provide for a courtesy car after One Insurance decides that Mr H's car is a total loss.

Our investigator thought One Insurance should pay additional compensation of £175 in relation to distress and inconvenience, bringing the total to £525.

One Insurance didn't respond to the investigator's recommendation. Mr H and Ms J didn't think the investigator had taken into account the list of extras on the car. They didn't think the investigator's recommendations went far enough. As there was no agreement between the parties, the complaint was passed to me to decide.

Mr H and Ms J have also expressed concern about how One Insurance handled the complaint. Our service can only consider complaints about financial services. So, I can't consider the additional points that Mr H and Ms J have raised about the handling of the complaint because it isn't a regulated activity.

My provisional decision

On 10 June 2024, I sent both parties my provisional decision in this case. I said:

'I've taken into account the law, regulation and good practice. Above all, I've considered what's fair and reasonable. The relevant rules and industry guidance say that One Insurance has a responsibility to handle claims promptly and fairly. I intend to uphold this complaint and I'll explain why:

The valuation of the car

- *In the circumstances that arose here, the policy provides that One Insurance will make a settlement payment based on the cost of replacing the car, taking into account the car's make, model, age and mileage. This service's role isn't to work out exactly what the value of an individual car is. We look at whether the insurer has applied the terms of a policy correctly and valued the car fairly.*
- *One Insurance has provided this service with two valuations from trade guides: £17,900 and £17,567. It's standard practice for insurers to use trade guides to work out the estimated market value of a car. I don't think it's unreasonable to do so. The valuations the guides give are based on the advertised prices of similar cars with similar age and mileage for sale at the time of loss.*

- *In accordance with our usual approach in complaints like this, our investigator completed checks on the motor valuation guides and received values of £17,980 and £16,508. The valuation of £17,980 took into account the optional extras on the car. As our investigator has explained, optional extras have minimal effect on valuation over time.*
- *Looking at all of the valuations provided by the trade guides, I don't think One Insurance's valuation of £17,500 is fair and reasonable. That's because the trade guides have produced valuations which vary significantly from the lowest to the highest. One Insurance's offer of £17,500 sits near the middle of the range but it hasn't shown why its valuation is fair or that Mr H can replace his car with a similar one for the amount offered.*
- *In these circumstances, to be satisfied that One Insurance's offer represents a fair valuation, I'd expect to have been provided with other evidence, for example, adverts for sale of comparable cars at the time of the loss or expert's reports, to support a lower valuation. And I'd need to be persuaded that this evidence is relevant and persuasive before accepting that a lower valuation should be used.*
- *As One Insurance hasn't provided any other evidence to persuade me that a valuation in line with the highest valuation produced by the trade guides is inappropriate, and to avoid detriment to Mr H and Ms J, the highest valuation produced by the trade guides is my starting point. So, considering the overall variation of values produced and the lack of other evidence provided, I consider a more appropriate fair market valuation is £17,980.*

The repairs to the car

- *Mr H and Ms J say that the car was a total loss as a result of damage by One Insurance's authorised repairer. I've noted what Mr H and Ms J have said about this but I haven't seen any evidence - such as an assessment from an engineer - which supports the assertion that the authorised repairer caused damage to the car. On balance, I don't think I can fairly conclude that One Insurance is responsible for damage to the car.*
- *One Insurance says that when the car was returned for rectification work, its authorised repairer discovered damage that wasn't identified originally. On balance, I accept that's more likely than not to have been the case. But I think it follows that One Insurance didn't act fairly when it failed to identify all of the damage at the outset.*
- *In any event, it was inconvenient for Mr H and Ms J to have the car returned to them whilst it was still damaged. And Mr H and Ms J were put to the trouble of returning the car to One Insurance's authorised repairers. This meant the claim took much longer than it should have done.*

Loss of use

- *If One Insurance had validated the claim promptly and identified all the repairs at the outset, I think it would have decided Mr H's car was a total loss much sooner than it did, say, by 31 October 2022. Instead, One Insurance didn't validate the claim until 4 November 2022. And it initially tried to repair Mr H's car, which caused delays in resolving the claim. Mr H and Ms J were without the use of the car due to One Insurance's actions from, say, 31 October 2022, to the time it was declared a total loss on 16 January 2023.*

- *In assessing compensation for loss of use we don't proceed on the basis of a daily amount. Instead, we look at how much extra it cost Mr H and Ms J to get around during that period. One Insurance isn't responsible for a claim for loss of use before 31 October 2022 or after 16 January 2023, when it decided that Mr H's car was a total loss. Nor is it responsible for a claim for loss of use during the period it provided a courtesy car.*
- *I've looked at evidence provided by Mr H and Ms J in relation to car hire and train travel. One of the train journeys was before the date of the theft. The remaining train journeys and the car hire were when Mr H and Ms J had a courtesy car. So, I don't think that One Insurance is responsible for those expenses.*

The renewal premium

- *I note what Mr H and Ms J say about the renewal premium. In general terms, insurers can decide how much they wish to charge to take on certain risks. Recent claims will generally lead to an increase in premium. It's not clear to me why One Insurance would issue a quote for renewal in relation to a car it had written off. If the quote was in fact for another car, there may be other underwriting factors which lead to a higher premium. In any event, it was, of course, open to Mr H and Ms J to seek insurance with another insurer, which is what they did in this case.*

Service issues

- *This service isn't the regulator, so I can't direct One Insurance generally in relation to its call handling and staff training. But I can look at what happened to Mr H and Ms J. In considering compensation for distress and inconvenience we don't proceed on the basis of a daily rate. Instead, we look at the effect of One Insurance's errors on Mr H and Ms J.*
- *There were delays in dealing with the claim which caused Mr H and Ms J distress and inconvenience. In its initial letter to Mr H of 6 October 2022, One Insurance said that if the car was recovered within 21 days, it would continue with the claim subject to its validation team reviewing the case, which would be done in one working day. On 7 October 2022, Mr H told One Insurance that the car had been recovered but the claim wasn't validated until 4 November 2022.*
- *The delay in validating the claim meant that Mr H and Ms J were left in an uncertain position for longer than necessary. And they didn't have a courtesy car during that period. I don't doubt One Insurance's initial delay in dealing with the claim caused them distress and inconvenience.*
- *In addition, once One Insurance had decided that the car was a total loss, there was delay in it valuing the car. So, Mr H and Ms J's claim took longer than we'd expect.*
- *Mr H and Ms J also suffered distress and inconvenience in that One Insurance didn't identify all of the damage to Mr H's car at the outset. And as One Insurance returned the car to them only partly repaired they were put to the trouble of returning the car to One Insurance's authorised repairers.*
- *Mr H and Ms J have asked that One Insurance refund their premium because they didn't receive the level of service they paid for. There are no grounds on which I*

can fairly direct One Insurance to refund the premium in this case as it is entitled to charge it and Mr H and Ms J have made a claim.

- *Mr H and Ms J have also asked for an apology. One Insurance apologised in its final response of 22 March 2023. I don't intend to direct it to do so again. In any event, I don't think there's much value in a forced apology.*
- *Mr H and Ms J have asked that One Insurance provide them with its records about their claim. I think that One Insurance should provide Mr H and Ms J with confirmation about how it has recorded this claim. If Mr H and Ms J want more information than that about their claim, it's open to them to make a subject access request of One Insurance, if they wish to do so.*
- *There is always some inconvenience in making a claim of this sort. But I think One Insurance's errors caused Mr H and Ms J considerable distress and significant inconvenience over several weeks. Mr H and Ms J have asked for loss of earnings in dealing with the claim. Whilst I don't doubt that they spent time dealing with this matter, they haven't provided any evidence to support what they've said about their loss of earnings.*
- *Considering everything, I think that One Insurance should pay Mr H and Ms J additional compensation of £400 in relation to their distress and inconvenience, bringing the total to £750. In reaching that view, I've taken into account the nature, extent and duration of Mr H and Ms J's distress and inconvenience caused by One Insurance's errors in this case.*

Responses to my provisional decision

Mr H and Ms J accepted my provisional decision but had a query about compensation for distress and inconvenience. One Insurance didn't respond to my provisional decision.

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.

Neither Mr H and Ms J nor One Insurance has provided any fresh information or evidence in response to my provisional decision. I therefore find no basis on which to depart from my earlier conclusions. For the reasons I've explained, I don't think One Insurance's valuation of £17,500 is fair and reasonable. In addition, One Insurance didn't act fairly when it failed to identify all of the damage to Mr H's car at the outset and caused Mr H and Ms J distress and inconvenience in its handling of the claim.

Putting things right

In order to put things right, I direct One Insurance to pay Mr H and Ms J:

- In relation to the valuation of the car, £480, plus simple interest at the rate of 8% per year on this sum from the date of the previous settlement until payment is made and
- £750 compensation in relation to their distress and inconvenience, that is, £400 in addition to the £350 it has already offered. If One Insurance has already paid Mr H and Ms J any sum in relation to their distress and inconvenience it may deduct that from the total of £750 and pay them the balance.

One Insurance should also provide Mr H and Ms J with written confirmation about how it has recorded this claim.

My final decision

My final decision is that I uphold this complaint. One Insurance should now take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Ms J to accept or reject my decision before 14 August 2024.

Louise Povey
Ombudsman