

The complaint

Mr S has complained about the total loss settlement he received when he made a claim under his motor trade insurance policy. He also complained about the management of his claim.

The insurer of Mr S's policy is Accredited Insurance (Europe) Ltd (AIE).

What happened

In May 2023 Mr S contacted his insurer AIE to report an incident where he wasn't at fault. Mr S said the third party insurer (TPI) offered their services to deal with the claim as they accepted fault for the incident. But he says he was persuaded by AIE that it would be quicker for it to deal with his claim.

Mr S complained that AIE didn't pay a fair total loss settlement for his car, and that it was repairable. He was unhappy with the management of his claim.

Our Investigator looked at whether AIE had reached a fair valuation for Mr S's car and how it had dealt with the claim overall.

She found that AIE had paid a fair valuation in line with the policy terms. As Mr S's policy was a trade policy, AIE paid the trade value for his car. The Investigator found that AIE had properly dealt with the claim.

However, she didn't think AIE hadn't done enough to pursue their outlay of the claim costs from the TPI – and so the claim remained open with the impact of that on Mr S's No Claims Discount (NCD). Since AIE had advised the TPI of its intention to initiate legal proceedings in July 2023, there was no evidence of any progress since then to settle the claim.

So she recommended AIE record the claim as a non-fault claim and reinstate Mr S's NCD. She said it was then up to AIE to pursue the recovery of its costs with the TPI through the courts.

The Investigator recommended AIE pay Mr S £150 for the distress and inconvenience caused.

Mr S says he remains unhappy that he was advised by AIE that he could look to recover the difference between the retail transacted value and the trade value of his car with the TPI. He's unhappy that he was advised AIE would deal with the claim quicker than if he accepted the offer of services from the TPI directly.

Mr S says he should be able to claim for the difference between the retail value and the trade value and the TPI were willing to consider this. He says he has raised this issue repeatedly but doesn't receive a response and AIE refers to paying the trade value. AIE didn't respond to the Investigator's view. And so the case has been passed to me to decide.

I issued a provisional decision on 27 June 2024. I thought AIE should have done more to progress the claim to settlement sooner. But I didn't agree we could ask it to close the claim while it was still in dispute with the third party. So I intended to ask AIE to instead pay Mr S a further £150 compensation for the distress and inconvenience caused by its failure to progress his claim.

AIE accepted my provisional decision. Mr S didn't respond. So the case has been passed back 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.

As I haven't received any new information, my final decision is along the same lines as my provisional decision.

The policy Mr S held was a motor trade policy – and so AIE's settlement of the claim by paying the trade valuation that it did was correct. This is the most AIE will pay in the event of a claim.

It's not clear to me that the TPI was in agreement to pay the difference in the retail value of Mr S's car – when the evidence shows they hadn't agreed to pay the trade total loss settlement which AIE is attempting to recover. The TPI dispute the estimated repair costs, which AIE said made it uneconomical to repair Mr S's car.

It's not for me to decide which party is correct here – but what is clear is that both parties are in dispute about whether the car was repairable. I can see that AIE has provided a detailed estimate of the costs for repairs and this was considerably higher than the estimate provided by the TPI. It may be that the negotiation and ultimate settlement of this claim is determined in the courts.

We expect an insurer to deal with claims promptly. In this case, there is no evidence of meaningful progress since AIE advised the TPI that it would initiate legal proceedings in July 2023 if it didn't pay its outlay. I think this is unreasonable and AIE should have taken steps much sooner to progress Mr S's claim to settlement.

However, this service cannot ask AIE to record (and therefore close) the claim as a non-fault claim. We can consider the impact of AIE's poor service in failing to progress the claim. But where there is a dispute, a claim can take longer to settle and as I've said, may ultimately be settled by the courts. How the claim is recorded and closed must reflect how the claim is actually settled and the final costs.

Unless AIE can recover all of its claim costs, in line with industry practice, the claim remains open and is recorded as such on internal and external databases.

But I think AIE's failure to progress the claim has been unreasonable and so I'm increasing the compensation award recommended by the Investigator from £150 to £300 to reflect the period of delay caused and the impact on Mr S and his NCD.

My final decision

My final decision is that I uphold this complaint in part. I require Accredited Insurance (Europe) Ltd to do the following:

- Progress Mr S's claim promptly and proactively to the next appropriate stage and through to settlement.
- Pay Mr S a total of £300 for the distress and inconvenience its delay has caused him.

Accredited Insurance (Europe) Ltd must pay the compensation within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 August 2024.

Geraldine Newbold
Ombudsman