

The complaint

Mrs C complains Helvetia Global Solutions Ltd offered an unreasonable settlement for her alloy wheel insurance claim.

Helvetia's been represented by an agent for the claim and complaint. For simplicity I've referred to the agent's actions as being Helvetia's own.

Mrs C's been represented for the complaint by her husband. For simplicity I've referred to the representative's actions as being Mrs C's own.

What happened

In early January 2024 Mrs C made a claim against her Helvetia alloy wheel insurance policy. She wanted the policy to cover damage to four wheels on her car. She provided Helvetia with photos of the wheels. Helvetia's authorised repairer (AR) said the wheels were beyond a cosmetic repair and would require a lathe.

Helvetia went on to accept Mrs C's claim for two of the wheels. It didn't offer to repair them itself. Instead it offered £110 per wheel minus a policy excess of £10 per wheel – on receipt of an invoice for the work. It considered the two remaining wheels to show signs of corrosion. It relied on a corrosion exclusion in the policy to decline any payment for repair of those wheels.

In late January 2024 Mrs C complained about Helvetia's response to the claim. She disagreed to the presence of corrosion – explaining independent wheel repairers had found no corrosion. She said she couldn't afford to pay for the repairs upfront. She asked that Helvetia physically inspect the wheels and agree to cover their full repair.

In early February 2024 Helvetia issued a complaint response. It said its offer to settle the claim had been made in line with the terms of Mrs C's policy. It offered, as a gesture of goodwill, to waive the policy excesses and pay £220 in total.

In mid-March 2024, unsatisfied with Helvetia's response, Mrs C referred her complaint to the Financial Ombudsman Service. She said Helvetia had decided on her claim using only photos. She complained that it hadn't sent someone to physically inspect the wheels. She said £220 isn't enough to pay for the repair of one wheel – having been quoted £200 for each.

In May 2024 Mrs C sold the car. She said the tyres kept splitting when she hit a pothole. She explained she reluctantly sold the car after a pothole caused a wheel to buckle. She said when she sold the car the purchasing garage deducted £600 from the value due to damage to wheels. She said she didn't have supporting evidence of the loss, but would like Helvetia to pay that amount as a resolution to her complaint.

In June 2024 Helvetia, in response to a request for its complaint submissions and unaware Mrs C had sold the car, offered to settle by paying £110 for each of the four wheels, minus £10 excess per wheel – subject to Mrs C providing an invoice for the repairs. When learning

of the sale Helvetia said Mrs C had between January 2024 and May 2024 to have completed the repairs it had agreed to cover. It added that without evidence she had to sell the car at a discounted price it couldn't accept any liability.

Our Investigator felt Helvetia had acted in line with the terms of Mrs C's policy by offering a cash settlement for the claim instead of undertaking repairs through its AR. But she felt it would be unfair for Mrs C to lose out and Helvetia avoid liability because she had opted to pursue a complaint and had sold the car. She added that there may be signs of corrosion to two wheels, but it didn't appear to be significant. The Investigator felt Helvetia should honour its offer to cover all four wheels – without the requirement of an invoice for the repairs.

As Helvetia didn't accept that outcome as a resolution the complaint was passed to me to decide. Helvetia said the policy is intended to cover cosmetic repairs to wheels, not to compensate customers for alleged financial loss when selling a car. It said had Mrs C provided an invoice confirming repairs it would have provided assistance – but as the work hadn't been undertaken it shouldn't be expected to be liable.

I issued a provisional decision. In it I explained why I intended to require Helvetia to pay Mrs C £240 to cover financial loss (plus simple interest as above) and £100 compensation. I also invited both to provide any further evidence of comments before I issued this final decision.

what I've provisionally 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 this is an informal service I'm not going to respond here to every point or piece of evidence Mrs C and Helvetia have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted. Having done so, I intend to find Helvetia's offer to settle the claim was unreasonable – and caused a financial loss.

First, I don't consider it would be fair to require Helvetia to pay £110 for all four wheels on the grounds it made an offer to do so. That offer was made before it was made aware the car had been sold, so is no longer relevant to the circumstances.

As the car has been sold the wheels can no longer be repaired by Mrs C. So, I couldn't reasonably require Helvetia to now fulfil the terms of the policy by requiring it to settle a claim. But I can instead consider Mrs C's argument that Helvetia's unfair response to her claim caused her a financial loss of £600 – via a reduced sale price. So I considered if it did treat her unfairly – and if so, if that resulted in a loss for Mrs C.

I've first considered Helvetia's initial response to the claim. The policy says it will cover the cost of repairs resulting from 'damage' which has occurred to her alloy wheels up to the claim limit shown on her schedule of cover – subject to the terms and conditions of the policy.

The policy defines damage as 'a sudden and unforeseen event that has resulted in accidental or malicious damage to your alloy wheels.' The terms exclude general wear and tear, corrosion, pitting etc which isn't deemed to be result from 'damage'.

The policy says repairs will be carried out by Helvetia's approved repairer (AR). It adds that should the AR be unable to perform a cosmetic repair the cash equivalent

of the cosmetic repair; £110 including VAT – will be offered to put towards a lathe skim or repair.

Helvetia's provided an email from its AR. Its opinion was the alloys were beyond a cosmetic repair and would need to be lathed. The email doesn't specify, but I assume that conclusion was intended to apply to all four wheels. Mrs C's said repairers had told her the wheels were repairable. But she hasn't provided anything sets out if a cosmetic repair is possible. So the best expert evidence available to me on this point is Helvetia's AR.

Having considered the evidence I'm satisfied it was reasonable, and in line with the policy, for Helvetia to offer £110 towards a 'lathe skim or repair'- rather than have its AR undertake repairs.

I've next considered if it was reasonable for Helvetia to have restricted that offer to only two of the four wheels. The policy covers 'damage' as defined above – but excludes 'corrosion'.

Helvetia hasn't provided anything from its AR, or other expert, stating there is no 'damage' (as defined by the policy) to two of the wheels. Neither has it provided anything from the same stating there to be corrosion. On that basis it seems Helvetia's decline of the claim for the two wheels was based on its own consideration of the relevant photos. Mrs C has said her opinion on the absence of corrosion was supported by a repair specialist. Although, she hasn't provided anything more to support this opinion being given.

Helvetia's provided photos of the wheels. These show damage to each. Without any further commentary or explanation I consider the damage to be more likely result of accidental incidents than corrosion. Even if some parts of the damage to two of the wheels is corrosion, I don't consider the exclusion allows Helvetia to avoid covering any 'accidental damage'/non corrosion damage on those wheels.

Instead a reasonable interpretation of the exclusion would be for it to avoid liability for repairing the area affected by corrosion. So I'm not persuaded it was reasonable of Helvetia to limit the settlement offer to just two wheels – instead it should have been all four at £110 – so £440 in total.

I don't consider it reasonable for Helvetia to deduct the £10 excess from each of the £110 payments. An excess is generally understood as a part of a loss a policyholder is required to cover. The £110 set by the policy terms is effectively a policy limit. If the excess is deducted from that sum, the policy limit becomes £100. I don't consider that fair in this case as Mrs C has reported the cost of each wheel repair to be £200 – so she would have been covering around £90 of each wheel's repair cost already.

So a fair response to Mrs C's claim, back in early 2024, would have been an offer of £440 towards the repairs. So I've considered if, by failing to make that fair offer, Helvetia caused Mrs C a financial loss.

I think its likely Mrs C would have accepted a £440 offer and arranged for repairs to each of the four wheels. It was closer to the full cost of the repairs than Helvetia's actual offer. She reported a cost of £200 per wheel. So she would have contributed around £360 on top of Helvetia's settlement. So the wheels would have been repaired before she sold the car.

However, unfortunately one of the wheels sustained significant damage - buckling when hitting a pothole. Mrs C explained it was that incident that led to her deciding to sell the car. She said she had that damage repaired before the sale. She's provided supporting evidence. So that wheel wouldn't have the claimed for damage at the time of sale – having been replaced entirely.

Mrs C said the sale price was reduced by £600 because of the condition of the car's wheels – presumably the three unrepaired ones. She hasn't provided anything to support this. But I find it plausible and likely, considering the model and age of the vehicle, that the condition of the three damaged wheels did reduce its value.

So I need to decide if Mrs C lost out through that reduction in value. Without anything else to go on I accept Mrs C's £600 figure. It seems a reasonable and plausible amount considering the extent of damage. But I also need to consider that she didn't make the £360 contribution to the repair of the wheels. So I don't consider her actual loss due to Helvetia's failure to be £600 – but £240 instead. A fair outcome will be for Helvetia to reimburse Mrs C that amount – plus simple interest at 8% to make up for her being with those funds. That should be applied from the date of sale of the car - May 2024 - until the date of final settlement,

I also consider Helvetia's unfair claim response caused Mrs C some unnecessary inconvenience – including committing time to dealing with this complaint. So I intend to require it to pay her £100 compensation in recognition.

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.

Helvetia accepted the outcome I proposed in my provisional decision. Mrs C didn't. She said she would like a settlement of £440 plus simple interest. I've considered her arguments for this. However, I'm not going to increase the award from £240.

If I were to award £440, I would be requiring Helvetia to settle the claim in line with the policy terms. As I explained in my provisional decision, I don't consider that to be now the appropriate thing to do. The car has been sold, so the relevant repairs can no longer be arranged by Mrs C. That means I need to consider any financial loss caused by Helvetia's failure to respond fairly to the claim.

I explained why I consider £240 to be a reasonable estimate of the loss to Mrs C. I've haven't been provided with anything to change my position on that.

Mrs C also referred to her having requested Helvetia send someone to inspect the wheels – rather than relying on her photographs to assess the claim. To change my outcome for this point I need to be persuaded of at least two things. First that it was unreasonable of Helvetia not to arrange a physical inspection. And that an inspection would likely have resulted in a different claim outcome – ie the wheels could be repaired by the AR as they weren't beyond a cosmetic repair and didn't require a lath. But I haven't been provided with enough evidence to persuade me that would have been the outcome.

My final decision

For the reasons given above, I require Helvetia Global Solutions Ltd to pay Mrs C £240 to cover financial loss (plus simple interest as above) and £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 10 January 2025.

Daniel Martin
Ombudsman