

The complaint

Mrs B has complained about the way a claim made against her car insurance policy was handled by One Insurance Limited.

What happened

In July 2022, the named driver under Mrs B's policy made a claim for an incident involving a third party driver who they said was at fault.

One Insurance provided a hire car and contacted a third party insurer. However, it incorrectly recorded the registration details for the third party. This was discovered in September 2022 when Mrs B contacted One Insurance for an update, having returned from holiday.

One Insurance was aware there were two insurers for the third party vehicle in September 2022 according to the Motor Insurance Bureau, but contacted one of the insurers. It wasn't until June 2023 that One Insurance received information from the insurer it was in contact with to say their driver didn't match the details given and their registration details had been cloned.

In January 2024 One Insurance contacted the Motor Insurance Bureau and in February 2024 established that the second of the two insurers listed against the details of the third party vehicle was the correct insurer.

In the meantime, Mrs B had been put in car hire since September 2022. And although Mrs B's car had been declared uneconomical to repair in October 2023, she hadn't received a total loss settlement for it. Mrs B said that she had obtained an estimate to repair the car before it was assessed in September 2022 and had wanted to keep her car. But when she chased One Insurance in February 2024, she found out her car had been scrapped for salvage.

Mrs B complained to One Insurance. It upheld her complaint and offered to pay £200 for the delays caused and £450 for the failure to discuss what Mrs B wanted to do with her car before deciding to salvage it.

Mrs B remained unhappy and asked us look at her complaint. She was worried about the fact that she would have to attend court as although the third party had by now accepted liability, they disputed the claim costs which was largely made up of over £30,000 in car hire costs from September 2022 to April 2023.

Our Investigator thought One Insurance should increase the compensation award by a further £150 to take into account that the delay in handling the claim had led to a longer period for Mrs B being in car hire. He said that had One Insurance dealt with the claim promptly, the period in car hire would have ended much sooner and the likelihood of having to attend court – and the worry that came with that – would have been less.

One Insurance didn't agree. It said it accepts there was an issue in pursuing the incorrect insurer. But it said the delay caused by this wasn't considerable. One Insurance said it

sympathises but it is natural for a customer to be expected to attend court where a claim remains in dispute.

In response, the Investigator said that both failings by One Insurance impacted Mrs B and the court proceedings she was expected to participate in. He said Mrs B's time in car hire would have been significantly reduced if One Insurance had contacted the correct third party insurer from the beginning and therefore reduced the car hire costs which incurred. And if it had contacted Mrs B to discuss the return of her car to her sooner, this too would have significantly reduced the time she was in car hire.

One Insurance didn't agree and wants an ombudsman to decide. Mrs B accepted the Investigator's view.

So the case 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.

Having done so, I agree with the Investigator. I think One Insurance's delay in contacting Mrs B to arrange either the salvage of her car or pay her a total loss settlement for it, along with the delay caused by contacting the wrong insurer, were significant contributory factors to the total car hire costs from September 2022 to April 2023, when One Insurance did pay Mrs B's total loss settlement to her.

The (correct) third party didn't dispute liability, but court proceedings were initiated because of a dispute over the costs of the claim, the majority of which was for car hire. Mrs B said she was caused considerable worry over the thought of having to defend the level of car hire charges. And I think this was unfair when she wasn't responsible for the delay which led to how long she was in car hire for.

I understand from Mrs B that the claim has since been settled.

I think One Insurance's offer of compensation of £200 for its delay and £450 for selling Mrs B's car for salvage against her wishes is a starting point to resolve the complaint. But I don't think it is enough. This means I'm upholding this complaint. I think the delays caused by One Insurance were significant. I think it should pay a further £150 compensation, increasing the total award to £800.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint. I require One Insurance Limited to do the following:

If it hasn't already paid the £650 compensation offered on 17 April 2024, One Insurance Limited should pay this and a further £150 compensation, so a total of £800 for the distress and inconvenience caused.

One Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mrs B 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 Mrs B to accept or reject my decision before 25 September 2024.

Geraldine Newbold
Ombudsman