

The complaint

Miss W is unhappy with the service provided by U K Insurance Limited trading as Direct Line (UKI) following a claim made on her car insurance policy.

What happened

Following an incident involving her car, Miss W made a claim under her policy. UKI appointed one of its engineers to inspect the damage to Miss W's car. The engineer determined Miss W's car to be a total loss, and placed a category N on the car.

The engineer's assessment was completed on 18 August. The engineer's note from the engineer's report recorded a call back was agreed for 25 August. The pre-accident value (PAV) was recorded as £1,916. UKI has explained that a deduction of £355 was made for pre-existing damage (PAD). This meant Miss W would receive £1,411 (£1,561 minus the policy excess of £150).

UKI's case notes show a representative attempted to contact Miss W between 21 and 23 August. On 24 August UKI sent Miss W's car to a storage facility. On 25 August UKI wrote to Miss W informing her *'Our records show that we currently hold no permission to allow disposal of your vehicle. Please contact us as a matter of urgency to discuss this matter further.'*

Following the bank holiday on 28 August, on 30 August Miss W contacted UKI saying she hadn't heard from the engineer despite agreeing for a call back to be made. Miss W was informed her car had been moved from the garage to a storage facility. Miss W was informed she would need to pay a salvage retention fee of £187 in order for her car to be returned to her. Miss W paid this fee, and complained about the PAV offered, her car being moved to the storage facility, and issues with logging her claim.

UKI responded to Miss W's complaint saying the PAV offered was reasonable. UKI offered Miss W £50 in recognition of the issues experienced in logging her claim. UKI didn't offer to do anything more in settlement of Miss W's complaint. Miss W collected her car from the storage facility. However she found that the dashcam was missing, and several parts of her car had been damaged, or were loosely fitted. Miss W says she was sent a parcel with a dashcam that didn't belong to her, and had parts missing such as the mount and SD card.

Miss W contacted UKI and complained about the missing dashcam, headlights on her car being loose, and the front slam panel area being damaged. Miss W provided a copy of the invoice from the garage where she'd had her car repaired, and asked UKI to pay this cost in settlement of her complaint.

Miss W also explained the conversation with an engineer on 21 August where a call back was agreed for 25 August that never happened. Miss W said her car had been taken to a storage facility without her having the opportunity to collect it from the garage, and she'd incurred additional time and effort in collecting her car from the storage facility.

UKI responded to Miss W's complaint saying that it couldn't find any evidence of damage being caused by the storage facility. UKI said the loose parts were all attached back to Miss

W's car before it was collected by Miss W, and it was Miss W's responsibility to ensure her car is road worthy.

Unhappy with UKI's response, Miss W referred her complaint to this service. The investigator said UKI hadn't acted fairly. The investigator said UKI should increase the PAV to £2,095 to reflect the highest value returned from the trade guides, and pay 8% simple interest on the difference between this amount and the lower PAV it had offered.

During our investigation UKI said it would also pay Miss W an additional £100 in recognition of the missing dashcam. Miss W said UKI should also pay for the damage to her car whilst in the care of storage facility, and payment to recognise the cost of collecting her car from the storage facility which was a two hour round trip. Miss W also requested additional compensation to recognise the stress and upset caused to her as a result of UKI's poor handling of her claim.

As the complaint couldn't be resolved, it has been passed to me for decision.

I issued a provisional decision on Miss W's complaint. This is what I said about what I'd 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've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

PAV offer

I've looked at the trade guides that we would usually refer to when dealing with complaints about market valuation. Trade guides are based on extensive nationwide research of likely (but not actual) selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. We expect insurers to use trade guides when valuing a car for claims purposes. Based on the circumstances of Miss W's complaint, I think it's fair that UKI used the trade guides here.

I've seen UKI has provided details of the trade values returned from three trade guides- returning values of £1,745 (Glass's), and £2,095 (CAPS), and £1,908 (Percayso). Given the recent competitive market for second-hand vehicle sales, the Financial Ombudsman Service feels it's fair to rely on the highest valuation returned by the motor valuation guides. Here that is £2,098. That is unless the insurer can show there is good reason to think a lower value/its lower value is fair.

UKI's engineer found that Miss W's car had some existing damage on it, and has provided numerous photographs evidencing what can be described as mostly scratches and dents to Miss W's car. UKI feels all this would affect its value (if it were sold). I appreciate UKI's view in this respect. But the currently competitive and fast moving market for second-hand vehicles means it is not so easy to negotiate prices. And, in older vehicles, some existing damage is often expected. The industry, in respect of claims which result in total losses, has also changed. Insurers are often finding cars to be total losses even where relatively minor damage has been caused, largely due to labour costs along with the price and availability of parts. So the insurer chooses to not repair them. Such that it's not fair to assume that all total loss vehicles would be viewed by potential buyers as unsafe propositions (because the insurer couldn't fix them).

Miss W's car is a 2008 model. I would expect it to have some scrapes and scratches given its age and model. And having looked at the photographs UKI took of the car I don't think it

has treated her fairly. I accept there is minor PAD in areas around the car, as noted by UKI's engineer. But ordinarily for older cars, like Miss W's, these type of scratches and dents are accounted for in the valuation of the car. Had Miss W's car been relatively new, then the deductions would be fair- but not in a car that was 15 years old at the time of review.

Given this, I think the fair and reasonable thing to do is to pay Miss W the full market value of her car (£2,095) less the policy excess. As UK Miss W was offered the PAV of £1,411 (£1,561 minus the policy excess of £150), UKI will only be directed to pay 8% simple interest on the difference between its PAV offer of £1,411, and the higher valuation of £2,095. This interest is to recognise the time Miss W has been without the money owed.

Damage to Miss W's car

Following return of her car, Miss W informed UKI 'the slam panel was not damaged prior to handing the vehicle over to you... It is my belief that the slam panel was damaged whilst being transported on a tractor with fork lift attachments....' I've carefully considered Miss W's comments. And I recognise her strength in feeling about the storage facility being responsible for the damage to her car when it was collected.

This engineer's report detailed damage to the front end of Miss W's car, where the impact of the incident was strongest. I've seen photos to support the damage to Miss W's car on the front end. I've also considered the photos Miss W sent to UKI in October 2023. Miss W feels strongly that the damage shown to the front slam panel was caused by the storage facility, because the photos from October 2023 show more obvious damage and loose parts.

It's not disputed that Miss W's car looks different in the photos Miss W presented to UKI in October 2023. In these photos large parts of the front end of Miss W's car have been removed, or hanging loosely. UKI has explained that the reason for this was because of the engineer needing to complete a thorough inspection for the purposes of determining any accident related damage, and the cost of repairing Miss W's car to its pre-accident condition.

I've carefully considered the evidence, and UKI's explanation about why parts of Miss W's car had to be inspected and removed, before Miss W collected the salvage. And I'm satisfied the explanation provided by UKI is overall reasonable. I'll explain why.

We would expect an engineer to complete a reasonable level of investigation, which may involve removing parts, in order to determine the extent of any accident related damage. From review of the images, the parts that were removed from the front end of Miss W's car, were from the same place that Miss W's car had suffered the strongest impact from the accident. So, on balance, I'm persuaded it was reasonable for the engineer to remove some parts to complete a thorough inspection.

I've reviewed the MOT history for Miss W's car. I've seen that an MOT fail was recorded on 5 September. There were six advisories recorded. The MOT guidelines explain 'Advisories are given for guidance. Some of these may need to be monitored in case they become more serious and need immediate repairs'. I've seen the advisories on 5 September included 'Front bonnet slightly damage' and 'front grill damage.'

I've seen that on 15 September Miss W's car was taken for another MOT check, and it passed. The advisories for 'Front bonnet slightly damage' and 'front grill damage' were also removed. From review of the evidence it seems likely that Miss W made the decision to complete repairs to her car based on the advisories relating to damage caused to the front end of her car. Given the impact on Miss W's car, and the location of the damage, I'm persuaded the damage was, more likely than not, accident related. As Miss W chose to retain the salvage, UKI wouldn't be expected to cover any costs for repair. All things

considered I'm satisfied the service provided in respect of collecting Miss W's car from the storage facility was overall reasonable.

Trouble and upset

Miss W has explained in detail how she was contacted on 21 August, and asked if she wanted to retain her car. Miss W has explained how she was told she would receive a scheduled call on 25 August to 'discuss finalising the claim and return of [Miss W's] car.' The call back on 25 August didn't happen. By then UKI had already made the decision to send Miss W's car to the storage facility.

I've reviewed the engineer's report, and accompanying notes. The notes record 'DLGASTL-21/08/223' followed by 'CB 25/08/2023 Engineer call back has been scheduled 11- 12 pm', and 'PH MAY WANT TO RETAIN SALVAGE'. Based on Miss W's testimony, and the evidence from the engineer's report, I'm persuaded it's more likely than not that a call back was agreed for 25 August, and that this call back didn't happen.

It's evident UKI arranged transfer of Miss W's car before discussing Miss W's options with her despite agreeing to do so. The notes also record Miss W's intention to want to keep her car. UKI's failure to properly discuss Miss W's claim with her, despite being made aware of her intentions, amounts to poor service.

I accept UKI says attempts were made to contact Miss W between 21 and 23 August. However Miss W has no record of any voicemails being left. And based on what she's explained about her intention to keep the salvage, I'm satisfied she would've contacted UKI sooner if she'd known that her car would be moved to a storage facility. I've also seen a letter sent to Miss W on 25 August. But at the time of sending this letter, Miss W's car had already been moved to the storage facility. So Miss W was left with little option other than to make the long journey to collect her car.

The result of UKI's poor handling of her claim meant that Miss W had to make a two hour round trip to collect her car (instead of collecting it from the garage, which would've been closer to her home address, and more convenient). Miss W also spent time chasing up her claim with UKI. I'm persuaded she was caused stress and upset at being told her car had been moved, when she'd been told a call back would take place to finalise the claim. I think it's fair that UKI pay compensation in recognition of the upset caused to Miss W, as a result of its decision to move her car, without allowing her any reasonable opportunity to collect it.

Having considered the handling of this part of Miss W's claim, and the impact on her, I think payment of £150 is fair and reasonable in the circumstances, and in line with our approach. This reflects the cost of the additional fuel needed to travel a longer journey to the storage facility, and the upset and inconvenience caused to Miss W because of UKI's poor communication about her claim options after she was told a call back would be arranged.

Putting things right

I am minded to ask UKI to:

- 1. Settle Miss W's car insurance claim based on a valuation of £2,095. This figure will represent the final settlement amount; and*
- 2. Pay interest on the difference between the interim offer of £1,411, and the final settlement amount. The interest should be calculated from 28 August 2023 (the date the interim payment was offered) to the date of payment. The rate of interest is 8% simple interest per year*;*

3. Pay £100 in recognition of Miss W's missing dashcam; and
4. Pay £150 trouble and upset compensation.

**If U K Insurance Limited considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss W how much it has taken off. It should also give Miss W a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

My provisional decision

For the reasons given above, I am minded to ask U K Insurance Limited to follow my directions for putting things right as detailed above.

The responses to my provisional decision

I invited both Miss W and UKI to respond to my provisional decision.

UKI accepted my provisional decision. Miss W responded and accepted most of the provisional decision findings, but didn't accept findings for the damage to the front slam panel. Miss W says that the damage to the front slam panel was caused by UKI, and it should pay for it.

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.

Miss W feels strongly that there wasn't damage to the front slam panel of her car when it was taken to the storage facility. I've carefully considered Miss W's comments, and the images she has sent in support of this. Given the amount of time that has passed, and the repairs Miss W has already had done to her car, there wouldn't be any fair way to establish whether the damage was caused by the storage facility.

With the evidence from Miss W and UKI being inconclusive, I have to make a finding on the balance of probabilities. That is what I find is most likely to have happened in view of the available evidence and wider circumstances. I recognise what Miss W has explained about the damage to her car being caused whilst in the care of the storage company. But I'm unable to make a finding against UKI based on Miss W's testimony alone.

It's not disputed that it was necessary to remove parts from Miss W's car before the engineer could complete an investigation to determine whether Miss W's car was repairable in line with her policy terms. And as explained in my provisional decision, I think these actions were reasonable.

I've considered the location of the impact of the incident, and the engineer's report detailing the extent of the repairs needed to bring Miss W's car to its pre-accident condition. I recognise the decision I'm making is a finely balanced one. And Miss W will be disappointed with my findings. But on balance, I'm not persuaded damage was caused to the front slam panel in the way Miss W has described. I've considered the parts removed to complete an inspection, the area where damage was sustained after the incident, and Miss W's decision to keep the salvage. All things considered, I'm not persuaded it would be fair and reasonable to uphold this part of Miss W's complaint. So I won't be asking UKI to cover this cost.

Miss W says the engineer's report refers to several repair and replace items that were unnecessary. When dealing with a complaint about the inspection of a car after an incident,

we generally accept the opinion of a qualified expert (in this case, the engineer)- unless there is evidence to materially contradict this. Based on what I've seen, it was fair for UKI to rely on the engineer's opinion, and advise Miss W about her claim accordingly. And I recognise Miss W's strength in feelings about the assessment, and what damage was noted. But I haven't seen any evidence to support Miss W's comments, which would lead me to say that it was wrong or unfair for UKI to rely on the engineer's opinion.

I've carefully considered Miss W's submissions. But I don't think these comments materially change the outcome of Miss W's complaint, or my direction for putting things right. So I'll be directing UKI to put things right as set out in my provisional decision.

Putting things right

UKI is directed to:

1. Settle Miss W's car insurance claim based on a valuation of £2,095. This figure will represent the final settlement amount; and
2. Pay interest on the difference between the interim offer of £1,411, and the final settlement amount. The interest should be calculated from 28 August 2023 (the date the interim payment was offered) to the date of payment. The rate of interest is 8% simple interest per year*;
3. Pay £100 in recognition of Miss W's missing dashcam; and
4. Pay £150 trouble and upset compensation.

*If U K Insurance Limited considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss W how much it has taken off. It should also give Miss W a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons provided I uphold this complaint. U K Insurance Limited is directed to follow my directions for putting things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 2 October 2024.

Neeta Karelia
Ombudsman