

The complaint

Mr T has complained that Tradex Insurance Company PLC caused delay in arranging repairs for his van when he made a claim under his commercial vehicle insurance policy.

All reference to the insurer Tradex in my decision includes the administrator of the claim on Tradex' behalf.

What happened

Mr T was involved in an incident so he contacted his broker on 20 June 2023 to make a claim. He says his van wasn't driveable.

Mr T held separate cover outside of his policy with Tradex to provide a guaranteed hire vehicle (GHV) for up to 28 days in the event of a claim.

Mr T discovered that Tradex was made aware of his claim on 21 June 2023 but an approved repairer (AR) wasn't instructed until around 10 July 2023. An engineer wanted the AR to provide an estimate for repairs. Repairs were authorised on 22 July 2023, parts were ordered on the same day and repairs began on 27 July 2023.

Mr T's van was available following completed repairs on 18 August 2023. So repairs took just over three weeks to complete.

Mr T complained to Tradex. He paid to extend the period of having a hire vehicle beyond the 28 day limit, until 9 August 2023. As a self-employed courier, he needed a van to carry out his work. He wanted Tradex to reimburse him for the additional hire van costs he'd paid due to its delay.

In September 2023 Tradex didn't uphold Mr T's complaint. It acknowledged there were delays in instructing the AR, but that once the repairs were authorised there was no delay.

Mr T brought his complaint to us. He said he lost out on earnings between the time he was without a hire van and the time he was able to collect his van. He asked this service to consider his claim for reimbursement of the extended van hire costs which came to £886.60.

Our Investigator recommended Mr T's complaint should be upheld. He found there had been an unreasonable delay between 21 June 2023 and 22 July 2023. He agreed with Mr T that had Tradex dealt with his claim promptly, his van would have been repaired sooner and the need for extending van hire in order to carry out his work would have been prevented.

So he recommended Tradex reimburse Mr T for the proven costs of £886.60 for van hire and to pay interest at our recommended rate of 8% simple interest a year.

Mr T accepted the Investigator's findings.

Tradex doesn't agree it is responsible for any delay. It says it wasn't aware Mr T had extended van hire at his own cost until August 2023. It says it doesn't give any guarantees as to how long repairs may take. Repairs at the time were taking longer across the industry and were outside of its control.

Our Investigator pointed out that the issue is not with the time taken to carry out repairs, but the delay beforehand. Tradex still didn't agree. It says it's reasonable to expect back and forth between the engineer and AR before repairs take place.

So as Tradex doesn't agree, 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.

The regulator the Financial Conduct Authority's sourcebook for insurers says that an insurer must handle claims promptly and fairly.

The timeline provided by both parties show that Tradex was made aware of Mr T's claim on 21 June 2023. It said that on 7 July 2023 the AR could not locate its instruction to carry out repairs. And it said an engineer wanted the van to be inspected before repairs were approved. Tradex says it resent the instruction to the AR on the same day (7 July 2023). On 14 July 2023 the AR was in the process of arranging an estimate. On 22 July 2023 the repairs were authorised.

As the Investigator explained, the AR and engineer acted on behalf of the insurer, which in this case is Tradex. So while Tradex says there was no delay in the repairs, the timeline clearly shows there was a delay between the date of instruction to the AR and the date the repairs were approved. Ultimately Tradex is responsible for this delay and it led to Mr T's claim overall not being handled promptly.

The repairs took around three weeks to complete. The issue isn't about how long it took to carry out the repairs, but the delay in the arrangements leading up to 22 July 2023. In Tradex's response to Mr T's complaint it said;

"there was a delay with the repairs accepting instruction"

So when Tradex replied to Mr T's complaint, it accepted it was responsible for a delay here.

Mr T paid for cover under a separate policy to enable him to be in van hire in the event of circumstances such as this for up to 28 days. Had Tradex dealt with Mr T's claim promptly, I believe he would not have needed to pay for extended van hire costs in order to mitigate his losses. I don't think it is relevant as to when Mr T made Tradex aware of such arrangements. This is a commercial vehicle policy which Tradex was aware of – meaning it knew Mr T used the van for commercial purposes. Even if Tradex didn't take this into account, I don't think it reasonable for an insurer to say because it doesn't provide a timescale for repairs under a claim, it shouldn't have to consider the impact of a delay overall in its handling of the claim.

So I think a fair and reasonable outcome is for Tradex to reimburse Mr T for the extended van hire costs he paid of £886.60. As Mr T has been without these funds since the date he paid, Tradex should pay interest on the sums at a rate of 8% simple interest a year.

Mr T hasn't asked this service to consider loss of earnings for the period from 9 August 2023 to 18 August 2023 when his van was available following repair. So this hasn't formed part of my decision.

My final decision

My final decision is that I uphold this complaint. I require Tradex Insurance Company PLC to do the following:

- Reimburse Mr T for the extended van hire costs he paid totalling £886.60.
- Pay interest on this amount at a rate of 8% simple interest a year from the date Mr T paid to the date it reimburses him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 4 November 2024.

Geraldine Newbold
Ombudsman