

The complaint

Ms G complains about how Tesco Underwriting Limited handled and settled a claim made on her motor insurance policy. She wants compensation for her losses and the significant stress and inconvenience caused.

What happened

Ms G was involved in a collision with another driver and Tesco took her car for repairs. But, a week later, its repairer said there was old damage to the car and a cash in lieu settlement should be made. But this wasn't communicated to Ms G until she asked about the repairs a month later. In the meantime, Ms G had been provided with a courtesy car, but she was unhappy that this cost her more to run than her own car.

Tesco then told Ms G that it wouldn't be repairing her car and she should collect it to arrange her own repairs. But the car's battery was flat. Tesco agreed to replace this, but this caused further delay. It extended the courtesy car and paid for Ms G's car to be recovered to her garage as it couldn't be driven. It also paid Ms G cash for the repairs adding the VAT element that wouldn't normally be paid until the repairs were made. And it paid Ms G £300 compensation for the avoidable delay in the claim and its poor communication. But Ms G said this didn't compensate her sufficiently for all her losses and stress. She thought this totalled about £2,700.

Our Investigator didn't recommend that the complaint should be upheld. She thought Tesco was entitled by the policy's terms and conditions to settle Ms G's claim through a cash payment. She thought Tesco had provided Ms G with the courtesy car she was entitled to under the policy's terms and conditions. And she thought it had reasonably paid the VAT element, extended the hire, replaced the battery and transported the car as recompense for its delay in paying her cash settlement. And she thought £300 was fair and reasonable compensation for the trouble and upset caused to Ms G.

Ms G replied asking for an Ombudsman's review, so her complaint has come to me for a final decision.

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.

I can understand that Ms G felt frustrated with how Tesco dealt with her claim. She said this caused her a lot of inconvenience and stress and she had to spend hours emailing and calling Tesco to progress the claim. I've seen her emails and other contacts with Tesco, and I have no doubt that she had to spend more time than she should have with the claim.

Ms G said she had to organise her own repairs, which Tesco should have done on her behalf. Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

And I can see that on page 15 of Ms G's policy booklet's terms and conditions, it states:

"How we will settle your claim under sections A or C

We will choose whether to repair the car or pay you a cash amount equal to the cost of the loss or damage...”

And I can see that Tesco chose to pay a cash settlement as there had been previous poor repairs in the same area as the new damage. So it couldn't guarantee the repairs without also repairing the previous damage, which it wasn't obliged to do under the claim. So I can't say that Tesco acted unreasonably when it decided to pay cash for the repairs.

Tesco has agreed that it then caused delays in the claim when it didn't communicate this decision to Ms G and didn't make her payment. Tesco hasn't explained why this occurred. But Ms G found this out a month after the accident and she then started raising her concerns with Tesco. By this time, the car's battery was dead, the car's MOT had expired, and Ms G couldn't transport it to her own garage for repairs.

When a business makes a mistake, as Tesco accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

Ms G said she needed a car for her work. And I'm satisfied that Tesco kept Ms G mobile throughout the claim by providing her with the courtesy car she was entitled to under the policy's terms and conditions. It extended the hire when Ms G's car couldn't be moved from its repairer. But it's not responsible for Ms G's fuel costs under the policy's terms and conditions. And so I don't require Tesco to provide Ms G with further compensation because she was without her car.

Ms G's car couldn't be moved from the repairer because it had sat unused there for a month and the battery had gone flat and also the car couldn't now be driven on the road. Tesco then replaced the battery, tested the car, and transported it to Ms G's garage. I can see that this didn't go entirely smoothly due to delays in Tesco's approval process. And Ms G was caused stress by this. But I'm satisfied that Tesco acted reasonably to restore Ms G's position by making good the consequences of its error.

Tesco then paid Ms G her cash settlement, adding the VAT element which isn't normally paid until the repairs are completed. Ms G had explained that this element and her policy excess amounted to close to £1,000 which she would struggle to find. And, to put things right for Ms G following its delay, I think Tesco reasonably paid the VAT element so as not to cause her further delays in the repairs. Ms G has told us these have been completed.

In terms of impact, Ms G had to press Tesco to progress her claim. She's explained that this took her away from her work and took up her time. And I can see that this extended for over a month from when she found that her car hadn't been repaired. Tesco paid her £300 compensation for this. I can understand that Ms G felt very frustrated and stressed during this time. But I think that amount is in keeping with our published guidance for the impact of Tesco's errors, including one taxi fare Ms G incurred. And so I don't require Tesco to increase this.

Ms G has raised a further concern about Tesco. But this isn't something I can consider here as Ms G would first have to complain to Tesco to give it a chance to respond.

Ms G also said the open claim on her policy has increased her premiums. This isn't unusual as an open claim is treated as a fault until the claim has been settled. I can see from its file that Tesco is disputing liability with the other driver's representatives as Ms G didn't want to accept a split liability settlement, and so the claim remains open as far as I can see. If Ms G is unhappy with how the claim is eventually settled, then she can complain to Tesco again.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 5 December 2024.

Phillip Berechree
Ombudsman