

## **The complaint**

Mr S complains about the amount of compensation U K Insurance Limited (UKI) offered to make up for an issue with the value of his vehicle when it was deemed a total loss.

## **What happened**

Mr S was contacted by UKI in May 2024 to let him know a previous claim he'd made had been undervalued. UKI said they would pay the difference in value to Mr S, plus 8% interest as compensation on that amount.

But Mr S said if he'd been provided the correct valuation at the time of the loss, he may have been able to purchase a better vehicle – so he raised a complaint. UKI said they'd compensated Mr S correctly in respect of his vehicle's value but did say there had been some customer service issues which they felt could have been handled better. They awarded £50 compensation.

Mr S remained unhappy with UKI's response – he said the compensation wasn't enough to cover his losses and he was unhappy there had been a 20% tax deduction on the interest UKI paid. He brought the complaint so this Service and while it was being investigated UKI made an increased compensation offer to bring the total amount to £350.

An Investigator looked at what happened but didn't recommend the complaint be upheld. She was satisfied UKI's offer was fair and said the amount offered addressed Mr S's inconvenience and loss of expectation and didn't think they needed to increase this.

Mr S disagreed with the Investigator's view. He asked for the matter to be passed to an Ombudsman to review the complaint. He maintained the compensation UKI offered didn't cover his losses.

## **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'm not going to uphold this complaint as I think UKI have acted fairly – I'll explain why.

It's not disputed that UKI previously valued Mr S's car incorrectly – so I don't need to make a finding on that point. My role here is to decide whether UKI have acted fairly towards Mr S – specifically in relation to the compensation amount offered.

UKI acknowledged they incorrectly valued Mr S's car. And they paid the difference between the sum paid and the amount it should have been valued at. They then added 8% interest to this sum, which I find to be reasonable and in line with what I'd expect UKI to do to put Mr S back in the position he would have been in.

Mr S said the amount he was originally paid meant he may have been able to purchase a better model car. But I haven't seen any evidence of this. And I would need to see evidence of such a loss in order to make an award for it. So, I'm not persuaded to make an award for a loss that hasn't been demonstrated to have happened.

Mr S was also unhappy about how UKI raised the payment to him. He was initially told it would be sent via cheque – but he called UKI and asked them to raise a bank transfer instead. It appears this didn't happen initially which caused some delays. UKI acknowledged this issue and initially paid Mr S £50 compensation. This was later increased to £350, inclusive of the previous amount. Our investigator thought this was fair. But Mr S didn't think this was enough to compensate him for his inconvenience.

I've thought about the experience Mr S had when dealing with this issue. I haven't detailed everything here – but I've considered everything Mr S has said about the impact on him. Having done so, I think £350 is more than I would award in similar circumstances, so I won't ask UKI to increase this.

Mr S also hasn't provided evidence of any financial losses he's incurred as a result of the delays in receiving payment. As such, I'm satisfied UKI have acted fairly by offering what they have. As Mr S has confirmed he's received this payment already, I won't ask UKI to do anything more here.

I can see Mr S is unhappy about UKI deducting 20% tax from the interest they awarded on the settlement sums. Mr S says he has been subjected to income tax which would not have applied on the original settlement, and he shouldn't be penalised due to UKI's delay.

Mr S has only paid income tax on the interest UKI paid him which was to compensate him for the total loss settlement being wrong. And as UKI have said they're required by HM Revenue & Customs to withhold income tax from interest paid, I don't find that they've acted unfairly. The only thing UKI needs to do is to give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 November 2024.

Stephen Howard

**Ombudsman**