

The complaint

Mr F is unhappy with the service provided by Tesco Underwriting Limited (TUI) following a claim he made on his car insurance policy.

What happened

Mr F took out a car insurance policy for his classic car with TUI in October 2022. The policy booklet explained:

If the car is a total loss

Once an approved engineer has inspected and assessed the market value of the car, we will send you an offer of payment.

The definition of 'Market value' explained 'The cost of replacing the car with one of a similar age, type, specification, mileage and condition, immediately before the loss or damage happened.'

In May 2023 Mr F's car was broken into. It was recorded that '*parts from the interior [have been] dismantled and stolen and interior vandalised.*' TUI accepted Mr F's claim, and instructed one of its approved engineers, hereafter referred to as E, to assess the damage on Mr F's car. Because of the difficulty in moving Mr F's car, E completed an estimate of repairs without fully inspecting it. The estimate of repairs (excluding VAT) was for £3,582.11. E's report also recorded the total loss value of Mr F's car as £19,950.

Mr F was told TUI could settle his claim on a total loss basis for the value given by E, for £19,950. Mr F was later told this was incorrect as his car hadn't been fully inspected, but he could accept a cash settlement of £3,582.11 instead. Mr F complained about the lack of progress and poor communication on his claim.

In December 2023 Mr F's car was towed (by a towing company instructed by TUI), hereafter referred to as A, in order for a full inspection to take place. The towing of Mr F's car took place around 16.40 as recorded on the check sheet. Mr F signed a check sheet with his signature which said '*No damage by A. couldn't see all damage due to dust.*'

Mr F's car was towed to one of TUI's approved garages, hereafter referred to as F, for a full inspection and cost of repairs to be completed. Following this inspection F said that due to the specialist parts needed to repair Mr F's car, it would be unable to complete a full cost of repairs, because each individual part would need to be sourced and costed separately. During this inspection F also said Mr F's car had additional damage on the exterior that wasn't accident related. Mr F strongly disputed these findings, and said the damage must've been caused by A at the time of towing his car.

TUI responded to Mr F's complaint saying that its service had been poor in parts as there had been delays in progressing the claim, and Mr F had been provided with incorrect information about accepting the total loss value of his car. TUI offered Mr F £200 compensation in recognition of its poor service and the impact on Mr F. TUI also paid Mr F

£4,300 representing a cash in lieu payment based on the findings of F about the pre-accident damage to Mr F's car, and cost of repairs.

Mr F didn't accept TUI's offer to put things right and brought his complaint to this Service for investigation. During our investigation Mr F provided evidence of the repair costs obtained from a specialist garage, C. C estimated the total repair costs to be between £19,000-£21,000. Mr F also provided an invoice showing storage costs incurred at a rate of £20 a day as a result of his car remaining with C from 18 December 2023 to date.

The Investigator found that the service provided by TUI fell short of what we'd expect. The Investigator recommended TUI consider a total loss settlement for Mr F's car in line with engineer E's report saying this is £19,950. The Investigator also recommended TUI add 8% simple interest per year to this amount from the date the cash in lieu payment was made in December 2023, until the date of settlement. The Investigator also said compensation should be increased to £500, and that TUI should cover the storage costs. This was on the basis that TUI had failed to deal with the claim properly and that's why Mr F was forced to keep his car in storage with C.

TUI accepted the findings in respect of increasing compensation. It also said it would be willing to pay for C's estimate of costs for interior repairs. TUI said *'there is scraping to the nearside of the car across both doors, nearside front wheel arch and nearside front bumper and it is evident that this is not as a result of vandalism and the customer signed the recovery paperwork indicating that he was aware of this damage. A PAD [pre-accident damage] deduction should therefore be made for this amount from any settlement offered'*. TUI also disagreed with paying for full storage costs, saying *'the customer knowingly left the car in storage for a period of 6 months, when this was not necessary.'* As the complaint couldn't be resolved, it was passed to me for 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.

Having reviewed the evidence I agree with the investigator's findings on this complaint for broadly the same reasons. 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.

Market valuation

We would usually refer to motor valuation guides to determine complaints about vehicle valuation. Motor valuation 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 these guides (where possible) when valuing a vehicle for claims purposes. Because of the make, model, and year of manufacture of Mr F's car, it hasn't been possible to obtain any valuations for Mr F's car from the motor valuation guides we'd usually consider.

I've seen that TUI's own appointed engineer, E, recorded the pre-accident value of Mr F's car as £19,950. Mr F says he has found a similar car for sale at a price of £27,500. I haven't seen any evidence to support this. Based on the evidence I have seen; I'm persuaded reliance on E's total loss valuation is fair and reasonable. I'll explain why.

I note TUI's comments that Mr F's car had pre-accident damage, and so a total loss value should account for this. TUI has had ample opportunity to provide evidence of the cost of

damage it considers pre-accident, and how this should impact the total loss value of Mr F's car. But it hasn't provided this. Mr F strongly disputes any pre-accident damage on his car.

TUI has referred to the images showing Mr F's car when it was collected, and the check sheet signed by Mr F at the time. But I'm mindful of the time of year, and more specifically the time of day, Mr F's car was collected that is, early evening in December. The images also support what Mr F has explained about it being dark at the time of collection.

I've also considered the condition of Mr F's car at the time, given it had been unused in the garage. This would've made it difficult to notice any visible damage at the time of collection. The check sheet also recorded '*couldn't see all damage due to dust.*'

When considering the circumstances at the time of collection and condition of Mr F's car, I don't think it is fair to rely solely on Mr F's signature on the check sheet as evidence that A didn't cause any damage to Mr F's car.

Given the time passed in trying to resolve Mr F's claim, and lack of supporting evidence from TUI about the cost of any pre-accident damage, I'm satisfied asking TUI to pay for the total loss value provided by E is a fair way to resolve Mr F's complaint. As Mr F was paid the cash in lieu amount £4,300 UKI will only be directed to pay 8% simple interest on the difference between this amount, and the total loss figure of £19,950. This interest is to recognise the time Mr F has been without the money owed.

Storage costs

Mr F's car was returned to him after it was inspected by F in December 2023. Mr F has explained how it has remained with C from 18 December 2023 to date, and is attracting storage costs at a rate of £20 a day.

TUI says '*the customer knowingly left the car in storage for a period of 6 months, when this was not necessary.*' I have carefully considered TUI's comments. But I don't agree Mr F is responsible for the storage costs in the way TUI has explained.

It's accepted that Mr F's car has remained with C since it was returned to him. However, I can't see that TUI provided Mr F with any reasonable options as a way to resolve his claim. Mr F had explained that the cash in lieu payment offered wouldn't have been sufficient to complete repairs. I've seen that TUI's own approved engineer recommended a more detailed inspection of Mr F's car for more accurate costings to be calculated. But despite TUI having the chance to do this, I can't see that it has. And it doesn't feel fair to penalise Mr F for TUI's lack of active management of Mr F's claim.

As this decision has determined that a fair and reasonable outcome for Mr F's claim is for TUI to pay the claim in line with the total loss amount determined by E, I also think it's reasonable for TUI to cover the storage charges in question. In reaching this decision I've considered the time that has passed and the opportunities TUI has had to fairly settle Mr F's claim. This is especially in light of the guidance from E about what should be done. TUI's failure to act in good time has resulted in Mr F being forced to instruct his own garage, C, to provide an estimate of repairs.

TUI will be directed to cover storage costs from 18 December 2023 until the date it makes payment to Mr F for the total loss amount as explained above. Mr F can then arrange for repairs to be completed with C once in receipt of the total loss payment.

Impact

It's not disputed that TUI could've done more to provide Mr F with a better level of customer service. When thinking about the impact on Mr F, I've considered what Mr F has explained about how his car was used. Mr F has said how his car was mainly used in the summer months, and to attend classic car shows. I accept that it would've been disappointing for Mr F to have missed out on taking his car to these events as a result of the claim remaining unresolved. I've also seen that the last MOT on the car was in 2021. This collaborates with what Mr F has explained about the car not being used often. I think this is an important consideration when thinking about the impact on Mr F, and what TUI needs to do to put things right.

I am persuaded by what Mr F has explained about the numerous attempts to contact TUI, and the lack of communication with him about his claim. And even when TUI did update Mr F, he was told incorrect information about his options, including being offered the opportunity to accept the total loss value for his car, only for this to be retracted. I'm persuaded this would've caused Mr F upset and stress at a time that he was already feeling disappointed with the handling of his claim.

Thinking about our approach to compensation, and what's happened on this claim, I think £500 reasonably recognises the impact on Mr F caused by TUI's poor handling of the claim. So I'll be asking TUI to pay Mr F total of £500 compensation. If any of this amount has been paid, TUI is directed to pay the outstanding amount only.

Putting things right

Tesco Underwriting Limited is directed to:

- 1) Settle Mr F's car insurance claim based on a valuation of £19,950. As £4,300 has already been paid TUI is directed to pay £15,650;
- 2) Pay interest on the settlement amount of £15,650. The interest should be calculated from the date of the cash in lieu payment to the date the settlement amount is paid. The rate of interest is 8% simple interest per year*;
- 3) Settle Mr F's claim for storage costs from 18 December 2023 until payment to Mr F for the settlement amount; and
- 4) Pay £500 trouble and upset compensation.

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

My final decision

My final decision is that I uphold this complaint. Tesco Underwriting 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 Mr F to accept or reject my decision before 26 December 2024.

Neeta Karelia
Ombudsman