

The complaint

A limited company, which I will refer to as T, complains about the handling of its commercial motor insurance claim by Watford Insurance Company Europe Limited.

What happened

The following is intended only as a brief summary of events. Additionally, for the sake of simplicity, even where other parties have been involved, I have largely just referred to T and Watford Insurance.

T operates as an electricians business, and held a commercial insurance policy underwritten, in part, by Watford Insurance. In May 2023, T's vehicle was involved in an accident. Some initial contact was made with T at this time, but due to language barriers the claim was not made until June 2023.

At this point, Watford Insurance was unable to identify a garage in its approved network that had availability. In July 2023, T attempted to source a garage of its own, but was then told the vehicle need to go to an approved repairer – as the vehicle was on finance. Watford Insurance arranged for the vehicle to go to an appropriate repairer on its network in August 2023.

It isn't entirely clear when repairs on the vehicle actually commenced. However, by November 2023, the vehicle had been stripped. T became dissatisfied with how the vehicle was being stored and was concerned this was causing further damage. A file note, from December 2023, says that the repairs had been completed as far as possible but that some parts were on back order. It isn't clear when these parts were ordered.

T complained about the ongoing situation, and Watford Insurance agreed that there had been some delays and offered £150 compensation. T was not satisfied with this and brought its complaint to the Ombudsman Service.

The repairs on the vehicle were subsequently completed in April 2024 and the vehicle returned to T in June 2024.

Our Investigator thought the complaint should be upheld. She did not think £150 was appropriate compensation for the inconvenience caused to T by the delay in completing the repairs from December 2023 onwards, and she thought Watford Insurance should pay £300.

Our Investigator also thought, as T said it had to insure another vehicle, Watford Insurance should cover the cost of this for the period from January 2024 until the vehicle was returned.

Watford Insurance agreed to pay the £300 compensation but did not agree that it should cover the cost of insuring a different vehicle. So, this complaint was passed to me for a decision.

I wrote to T explaining that I needed further information regarding the alternative vehicle it said that it insured. I asked whether this was a vehicle T already had, or whether it had

purchased this. I also explained that, if this was a vehicle T already had, but that was not already insured, I would need to see the statutory of road notification relating to it. I said that without further detail, I would not be able to agree that Watford Insurance should cover the cost of insuring this alternative vehicle, as it was not clear to me that this was a cost that T had incurred solely due to issues with the claim handling. T did not respond to my request for this information though.

I also wrote to Watford Insurance, referring to this issue with the potential financial impact on T. But I also said that I thought the period of delay was longer than the period from December 2023 onwards. I explained that Watford Insurance ought reasonably to have been able to get the vehicle to a repairer prior to August 2023. And that the period between then and December 2023 was also potentially excessive.

I did note that there were issues with the supply of the relevant parts for the vehicle. But said that it was not reasonable for an insurer to leave a customer waiting indefinitely for repairs to be completed. I said that after a period of around a month, Watford Insurance ought to have taken different action. If it was unable to complete a repair at that point, then it could have taken the decision to determine the vehicle a total loss – then, once the parts became available, make the repair and retain or sell the vehicle. Alternatively, it could have provided T with a replacement vehicle – of the same nature as the insured vehicle. I noted that the policy may not include provision for a courtesy vehicle, but that the issue is not the cover provided. The issue is with the reasonable expectation of a customer - and the requirement on an insurer - for there to be a repair to a damaged vehicle within a reasonable timeframe.

Based on this, I explained that I thought an award of £500 in total for the inconvenience caused was more appropriate.

Watford Insurance confirmed that the estimated repair time for the vehicle was ten working days. But that this was subject to unforeseen delays/parts shortages, etc. And that the parts shortages were due to the manufacturer, rather than Watford Insurance or its agents. Watford Insurance also said that the policy did not include provision for a courtesy vehicle and T's vehicle was repairable so would not be considered a total loss.

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 am upholding this complaint.

However, in the absence of clear information about the financial consequences T experienced as a result of the delays, I am unable to agree with our Investigator that Watford Insurance ought to cover the cost of insuring T's alternate vehicle for the period of the delay. Whilst T has provided evidence of paying for insurance, it isn't clear that this was not a cost T would always have been required to meet.

For the reasons set out above, and in my correspondence with Watford Insurance, I do think that the compensation award should be £500 in total though. I do appreciate Watford Insurance's comments that the issue with the availability of parts was not its responsibility – albeit it also isn't clear that Watford Insurance did enough to reduce these delays, for example by ordering the required parts without delay.

However, regardless of whether Watford Insurance had control of when these parts would be available, it did have control of how the claim ought to be handled. It has said that the vehicle was deemed repairable. But this was dependent on parts being available – and they

were not. So, when it became apparent to Watford Insurance that it was unable to repair the vehicle within a reasonable timeframe, it ought to have taken different action as set out above.

Watford Insurance did not take this action, and left T without its vehicle for an excessive period of time. And this caused T significant inconvenience. T seemingly was able to mitigate much of the impact on its business by using an alternative vehicle. However, I consider that an award of £500 is suitable to reflect the impact that was caused.

As our Investigator has said, I am unable to take into account the impact this situation had on T's directors themselves. T is a limited company and is the complainant in this case. So, it is the impact on this limited company that this compensation redresses.

Putting things right

Watford Insurance Company Europe Limited should put things right by paying T £500 compensation in total. If Watford Insurance has paid any compensation already in relation to this complaint, it can deduct this from this total award.

My final decision

My final decision is that I uphold this complaint. Watford Insurance Company Europe Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 13 December 2024.

Sam Thomas
Ombudsman