

The complaint

Mr C complains that Wakam settled a third-party total loss claim against his private-hire motor insurance policy and about the amount of time it took to settle the claim.

What happened

Mr C has a private-hire motor insurance policy with Wakam which covers his vehicle that he uses as a taxi. In March 2023 Mr C was involved in an accident with a third-party.

The accident liability was accepted by Wakam and ultimately, they settled the third-party claim in January 2024. Mr C complained to Wakam that this took too long, and that the settlement amount they paid was higher than he thinks it should have been.

Wakam said they had to settle the claim based on the information presented about the accident, and the amount being claimed for was reasonable. They also said they were chasing the third-party insurer for information, so this took some time, but it was outside their control.

As Mr C remained unhappy, he approached the Financial Ombudsman Service.

One of our investigators looked into things but he didn't uphold the complaint. He said that whilst the claim took some time to settle, Wakam was actively chasing information from the third-party insurer throughout to try to progress things. He also didn't think Wakam had acted unfairly by accepting the third-party claim as a total loss, or that the amount they settled the claim for was unreasonable.

Mr C didn't agree so the case was passed 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.

Having done so, whilst I appreciate it'll come as a disappointment to Mr C, I've reached the same outcome as our investigator.

Time taken to settle the claim

The claim was made in March 2023, and in January 2024 the third-party claim was settled and closed. Whilst I recognise Mr C is unhappy with the time things took, claims can take some time to reach a point of settlement and being closed. Having looked into what happened during this period, I don't think Wakam caused avoidable delays or were solely responsible for the time taken.

Throughout the claim, Wakam was actively engaging with the third-party insurer and other parties involved in the third-party claim. The liability was accepted by Wakam in August 2023 and Wakam then needed to obtain information from the third-party insurer in order to validate, accept and settle the costs being claimed for. This included requesting the third-party insurer engineer reports, images and details around the settlement calculation including salvage costs.

I can see that Wakam needed to request information on a number of occasions from the third-party insurer. And due to the time things were taking, Wakam ultimately decided to settle the claim in January 2024 based on the information they'd received, despite not having some information they'd asked for. Whilst Wakam potentially could have settled this sooner without the information, I don't think they acted unfairly by attempting to obtain this in the first instance. And I can't hold Wakam responsible for the third-party insurer not sending the requested information, or delays this then caused.

In any event, the accident liability had already been accepted by Wakam in August 2023. And when a claim is open but not yet settled it is generally recorded as fault. The claim was then closed as fault too once it was settled. It's not been demonstrated by Mr C that the claim being open as fault has caused any impact or detriment when that's ultimately the way it remained recorded when it was then closed too.

With the above in mind, I don't think Wakam caused avoidable delays, or that they have caused detriment to Mr C as a result of their handling of the claim.

The third-party insurer's claim payment

Mr C has complained about the amount Wakam paid to the third-party insurer in settlement of the claim.

The third-party insurer deemed their policyholder's vehicle a total loss due to the cost of repairs. The third-party insurer valued the vehicle at £3,085 but reached agreement with their policyholder for an initial total loss amount of £2,600, before then deducting £650 salvage, resulting in a claim to Wakam for £1,950.

Mr C says the damage was minimal and even if the third-party vehicle was a total loss, it was worth no more than £800.

As explained to Mr C by the investigator, it is not the role of this service to decide what the costs of repairs should be. Instead, we'd consider whether the costs had been reasonably evidenced by relevant experts involved in the claim. Wakam did obtain an engineer report from the third-party insurer before settling the claim, which outlined the repair costs (which the investigator shared with Mr C). The cost of repair was high compared to the market value of the vehicle. And I don't think Wakam acted unreasonably in accepting that the third-party insurer treated the vehicle as a total loss based on all the information the third-party insurer provided, and it was on this basis that Wakam settled the claim for the amount that they did.

Mr C also complains about the total loss valuation of the third-party vehicle, which was the basis of settlement Wakam accepted and paid.

Our investigator looked at Glass's trade guide (and shared this with Mr C), which is what the third-party insurer relied on when valuing the vehicle. This is also one of the trade guides we take into account more generally when considering complaints about vehicle valuations following a total loss. And the investigator's checks confirmed a market value of £3,085, he also explained to Mr C that this was higher than it might otherwise have been due to the low mileage of the vehicle.

So, it appears the third-party insurer settled the claim with their policyholder for less than the market value of the vehicle. Therefore, I'm not persuaded Wakam has acted unfairly by settling the claim for the amount the third-party insurer requested from them, as they didn't pay out more than they would have needed to, as the amount was under what the trade guides say the vehicle was worth.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 December 2024.

Callum Milne
Ombudsman