

The complaint

Mr S complains about Society of Lloyd's ("Lloyd's") delay in handling his claim under his motor insurance policy.

Lloyd's are the insurers of Mr S's policy. Part of this complaint concerns the actions of an agent. So any reference to Lloyd's includes the actions of the agent.

What happened

Mr S's car was involved in an accident, so he made a claim to Lloyd's. Mr S was unhappy about the length of time things were taking so he complained about delays and a lack of communication. Mr S received a complaint response accepting there had been errors and was offered compensation. A few months later, and concerned about further delays, Mr S raised another complaint about delay. A further complaint response was sent, again accepting delays, and with an offer of compensation. Lloyd's then, under the second stage of their complaint process, responded to both complaints and agreed there had been delays and a lack of communication. They increased the compensation to £700 for each complaint – so £1,400 in total. Mr S remained concerned about the delay in repairing his car, and also about information which Lloyd's had provided a hire car company which led to Mr S having to return the hire car. So he referred his complaint to our service.

Our investigator looked into things for Mr S. She upheld the complaint and, while she agreed the compensation offered was reasonable, she recommended Lloyd's pay Mr S a total loss settlement for his car. Lloyd's disagreed so the matter has come to me for a 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, I've decided to uphold the complaint. And, I think the investigator's recommendation is a fair way to resolve matters.

My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. I think it's important to add, I won't be commenting on every event during the claim and complaint process, instead I have taken a broad approach to the overall service provided. I think it's also important to make the point that my decision only covers the events up to and including Lloyd's' two complaint responses dated 5 July 2024.

Delays

Firstly, I've looked at the service given to Mr S. The key facts about this part of the complaint aren't in dispute. Lloyd's have admitted they got things wrong by causing delays in the claim and also in their communication with Mr S. The only issue I have to decide is whether Lloyd's' offer of compensation is fair and reasonable.

I think it's right that Lloyd's should compensate Mr S for the upset, frustration and inconvenience caused by their poor service. To help decide what a fair and reasonable level of compensation should be, I've looked at the errors by Lloyd's and what the impact of those errors have been.

I can see Lloyd's, when addressing Mr S's complaint, broke down the complaint into two periods. The first complaint response addressed delays and lack of communication between the point Mr S's car was taken to the repairer in March 2023 to the point Mr S raised his first complaint on 26 September 2023. The second complaint response addressed delays between October 2023 to June 2024.

The information shows, after Mr S's car was delivered to the repairer, no substantive action was taken for around six months – no parts had even been ordered by the point Mr S raised his complaint on 26 September 2023. It appears Mr S was also led to believe a part was on back order – when that doesn't appear to have been the case during these six months. The parts were then ordered, and the claim notes show a part was then on back order. It's clear Mr S was becoming very upset and frustrated around this time as he called Lloyd's and said, while he has the use of a hire car, he can't use this to travel abroad to visit his wife's parent who is unwell.

The second complaint addressed any delay between October 2023 to June 2024, and the claim notes show, by the end of this period, Mr S's car still hadn't been repaired and returned. During this period though it's clear there were a number of errors which caused further avoidable delays. For example, it appears the part which was on back order was received in December 2023, but the repairer then didn't have the necessary equipment to complete the repairs. Mr S then emailed Lloyd's and said he'd been informed by the repairer that they didn't know when they would have the equipment. It's clear this uncertainty – almost a year after Mr S's car was taken to the repairer – was very upsetting and frustrating for Mr S. And that's evident in the fact that Mr S then raised a further complaint and pointed out that it's been almost a year and he still doesn't have a confirmed return date for his car.

Mr S had been given numerous estimated completion dates – all of which were missed. For example, Lloyd's said they would be outsourcing the equipment in order to complete the repairs, and Mr S was given an estimated completion date of 29 February 2024 – but this was missed. The claim notes then refer to an estimated completion date of 27 March, but this was pushed back as some equipment arrived at the repairer but wasn't working. A further estimated completion date was given for 29 March, and the claim notes make reference to further dates of 12 April and 10 May – all of these were missed.

The claim notes say the repairs to Mr S's car were then completed on 21 June and Lloyd's then informed the car hire company, who'd been providing Mr S with a hire car, about this. The hire car was then returned to the car hire company on 24 June. But the claim notes show Mr S's car then failed an MOT due to work carried out by the repairer – and Lloyd's said the third-party insurer wouldn't continue paying for the hire car due to the MOT failure. At the point Lloyd's sent their complaint responses on 5 July, Mr S's car still hadn't been fully repaired and returned.

So, taking into account the impact on Mr S, I think there has been substantial upset, frustration and inconvenience – with the impact felt over a period of 16 months. The claim notes show Mr S was very upset and frustrated at the time it was taking to repair his car and continued missed estimated completion dates, and he was inconvenienced in having to chase to find out what was happening. So, I think the total compensation of £1,400 paid for the two complaints addressed on 5 July 2024 is fair and reasonable in the circumstances.

Claim settlement

At the point Lloyd's issued their complaint responses, Mr S's car still hadn't been repaired. The information shows an estimated completion date of 5 July 2024 had been provided to Mr S – but this was also missed. But on 27 June 2024, and after the car hire company had taken back their hire car, Mr S said he'd bought another car. I can see Lloyd's sent our service an email on 8 October 2024 to say the repairs were now complete and the repairer would be calling Mr S to arrange collection of his car.

Mr S though has said he has already bought another car and wants Lloyd's to pay the market value for his car. Lloyd's dispute this and say Mr S's car has been repaired and the appropriate resolution here would be for Mr S's car to be returned to him.

I've carefully considered all the information here and what I think is fair and reasonable in all the circumstances. To determine what steps I think Lloyd's should take to put things right in this respect, I need to consider whether it was reasonable for Mr S to have bought a car while his own car was being repaired. And I don't think Mr S acted unreasonably in taking this step. I say this for a number of reasons.

Firstly, it's clear from the information I've seen that, although Mr S had a hire car, he was restricted in its use – in particular he couldn't use this to travel abroad to visit his wife's parent who was unwell, and he also couldn't use it to teach his son to drive. It's clear this was very important to Mr S as the information shows he raised it with Lloyd's several times during the claim. The delays were preventing Mr S from taking his own car abroad and Mr S had made Lloyd's aware of the urgency by which he needed his car repaired and returned.

Secondly, I can see Lloyd's say after the hire car was collected, Mr S raised a complaint three days later to say he'd bought a replacement car. They say Mr S didn't therefore give them an opportunity to resolve the situation. I think it's important to keep in mind here, Mr S bought another car, but this was after 15 months of waiting for his car to be repaired – a period in which there had been significant avoidable delays. During this time, estimated completion dates were repeatedly missed – which I've already mentioned above. And there were a number of errors occurring during this time which were causing further delays. I think it's also important to keep in mind this was 15 months during which Mr S was restricted in the way in which he wanted to use the hire car, so it didn't fully meet his needs. During this time also, I can see Mr S did continue to ask Lloyds to pay him a settlement amount to replace his car.

Thirdly, Mr S decided to buy a car after the hire car was taken away. At this point Mr S didn't have a car and says he needed to buy one so his wife could continue to go to work. I can see Lloyd's say Mr S's wife wasn't covered for commuting to work in any event. But I'm not persuaded this means Mr S acted unreasonably here because, as I've mentioned above, he'd already spent 15 months in a hire car that wasn't meeting all of his needs, and he needed a car that would allow him to meet his requirements as well as allowing him and his wife to continue with their daily activities.

I can see Lloyds say Mr S hasn't mitigated his loss and he could've hired a car himself or considered other means of travel. They also say, at the point Mr S bought a car, they'd given an estimated completion date of 5 July – which was around a week away, so Mr S should've waited. I acknowledge the points made by Lloyds, but I don't believe Mr S has acted in a manner here which could be considered unreasonable. I accept there was an estimated completion date of 5 July, but as I've already mentioned, several estimated completion dates had already been missed so I understand if Mr S lost faith in any assurances Lloyds had provided about meeting this date. I accept another option could've been for Mr S to have hired a car while the repairs to his car continued, but I haven't seen any evidence which

suggests any hire car would've allowed Mr S to drive it abroad, or to teach his son to drive – two points which Mr S had continued to raise with Lloyd's. So, for all the reasons I've mentioned here, and given the circumstances in this case, I can't say Mr S buying a car was an unreasonable step to take.

Taking this all into account, I've carefully considered what I think would be a fair resolution in the circumstances of this case. And I think it would be fair for Lloyd's to pay Mr S the market value for his car as at March 2023, which is when his car arrived at the repairer. I think that's fair as this would avoid the risk of any financial detriment to Mr S if his car has reduced in value over the period Mr S has been without his car.

I think that's reasonable here as, despite Lloyd's confirming the repairs are complete, if Mr S takes back his car, he'll be left with two cars to maintain, tax and insure. I also don't think it would be reasonable in the circumstances to expect Mr S to make arrangements to sell one of his cars, particularly as I believe the continued failures by Lloyd's are what led Mr S to buy a replacement car.

The policy terms and conditions do allow Lloyd's to pay an amount of cash to replace Mr S's car – and the most they will pay will be the market value of his car, immediately before the loss. So, making a total loss payment is one of the options for a claim settlement under the terms of the policy. While I accept, Mr S's car isn't a total loss, and has been repaired, I can understand why, in Mr S's circumstances, the return of the car isn't a suitable resolution for Mr S now that he has bought another car.

I acknowledge Lloyd's say, as Mr S's car is repaired and ready for collection, writing-off the car isn't appropriate. Lloyd's also say the estimated total cost of repairs represented around 35% of the pre-accident value of Mr S's car, so it's unreasonable to expect them to declare the car a total loss. I think it's important to clarify, I'm not asking Lloyd's to declare Mr S's car a total loss – only that they pay Mr S the market value of his car as at March 2023. Lloyd's are free to then consider whether they wish to make any arrangements to sell Mr S's car.

I can see, following Lloyd's' complaint responses on 5 July 2024, further compensation and payments have been agreed. As mentioned earlier in my decision, I've focused on events up to the complaint responses so I can't comment on events following this.

I wish to reassure Lloyd's I've read and considered everything they've sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

Putting things right

I've taken the view that Lloyd's have caused avoidable delays in dealing with Mr S's claim. So Lloyd's should pay Mr S the market value of his car as at March 2023, subject to the terms and conditions of the policy. Lloyd's should also pay Mr S compensation of £1,400, if they haven't done so already.

My final decision

My final decision is that I uphold the complaint. Society of Lloyd's must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 March 2025.

Paviter Dhaddy
Ombudsman