

The complaint

Mr B complains about the repairs that First Central Underwriting Limited made to his car following a claim made on his motor insurance policy.

What happened

Mr B's car was hit in the rear by another driver, and he made a claim on his policy. First Central took his car for repairs but when these were completed Mr B said the car had mechanical issues. First Central said these weren't accident related and it asked Mr B to return his hire car and it said he would have to pay for storage until he removed his car. Mr B wanted First Central to replace the car's battery and repair its gear box and to keep him in hire until this was done.

Our Investigator recommended that the complaint should be upheld. She thought First Central hadn't justified its decision that the problems with the battery and gear box weren't related to the accident or repairs. She initially thought First Central should pay for these to be repaired or pay for Mr B to have the work done. She thought it should cover the storage costs and keep Mr B in hire until this was done and pay Mr B £200 compensation for his trouble and upset.

First Central replied that it agreed to replace the battery and pay the compensation, but it said the gear box issue was unrelated. And it provided evidence which it said showed this. It also ended the hire after it had said it would extend this.

When Mr B complained further, First Central agreed that it had provided a poor level of service and that this had had a significant impact on Mr B's mental health. It put Mr B back into hire and it paid Mr B £650 in total compensation for his loss of use for a month and for the impact of this and its poor service. This was in addition to the £200 compensation already agreed. And it dropped its requirement for Mr B to pay storage costs.

Our Investigator recommended that Mr B's further complaint should be upheld. She thought First Central still hadn't justified its decision that the damage to the gear box was unrelated to the claim or repairs. She saw that the battery would have had to be replaced for First Central to carry out a diagnostic, but this hadn't been done. And, as the relationship between Mr B and the dealer's garage had broken down, she recommended that the diagnostic test be done at a different dealer's garage after the battery had been replaced.

The Investigator considered the financial loss that Mr B had suffered when he was without a car due to First Central's actions, and she thought its payment of £85 compensation for this loss of use was fair and reasonable. And she thought its £765 in total compensation for his trouble and upset was fair and reasonable compensation for the impact of its failings on Mr B up to the point where it responded to his further complaint.

First Central replied that it had authorised the same dealer's garage to replace the car's battery and carry out a diagnostic check. It said it had previously paid for this cost. Mr B thought the compensation wasn't sufficient for the time he'd been without his car. As Mr B and First Central didn't accept the Investigator's view, the complaint has come 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.

I can understand that Mr B feels frustrated and stressed by the level of service he has received from First Central following his claim on his policy. From what I can see, his car still hasn't been fully repaired some six months after his accident. But I can only consider here the events up until First Central's response to his further complaint. If Mr B has further concerns about the service he received after that point, then he will need to raise these with First Central to give it a chance to respond.

First Central has accepted that its level of service has been wanting and that there have been multiple errors in its handling of Mr B's claim. When a business makes mistakes, as First Central accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the errors had on the consumer.

I'll firstly consider the repairs issues. Mr B has maintained that there was mechanical damage to his car caused either by the accident or the repairs. But First Central disagreed. It first said the battery and gear box issues were unrelated to the claim. But it later accepted that it was responsible for the battery issue, but not the gear box.

We're not engineers. We don't assess whether or how damage to a vehicle would be caused as this is a matter for the experts in these situations, the insurance companies and engineers. Our role in these complaints is to determine whether an insurance company has considered all the available evidence and whether it can justify its decision to not pay for additional repairs.

First Central accepted the Investigator's view that the diagnostic check for the gear box should have been conducted after the battery was replaced. And it said it had now authorised for the battery to be replaced and for the diagnostic to be done. I think that's a fair and reasonable way to decide whether or not the damage to the gear box is related to the accident.

But First Central authorised the diagnostic to be done at the current dealer's garage, not the one nearer Mr B's home as recommended by the Investigator. I don't think that's fair or reasonable.

First Central is aware of Mr B's vulnerability and mental health issues, and it has accepted that it previously didn't listen to his concerns or show the appropriate level of empathy. And it has also accepted that its failed promises have had an impact on Mr B's mental health.

Given that the relationships between Mr B and the approved repairer and the current dealer's garage have broken down, I think it's unfair for First Central to have the diagnostic done at the current dealer's garage. I think it would give Mr B more confidence, and minimise any further distress, if this were to be done at another dealer's garage. And so I'm satisfied that First Central should arrange for this to be done.

Mr B was without a car for about a month when First Central withdrew his hire whilst it still retained his unrepaired car. Our Investigator has explained that in such cases we consider the actual financial loss this caused the consumer.

Mr B has provided evidence that he had to pay for temporary cover that, with interest, cost him about £85 during this time. And I think First Central's repayment of this in its latter compensation award is fair and reasonable to restore Mr B's position.

But I can't see evidence that it's responsible for Mr B not being able to work and the consequent financial impact due to being without a car. And I can't hold First Central responsible for additional costs Mr B incurred whilst driving the hire car or for the depreciation of his own car's value.

First Central has now agreed to pay Mr B a total of £765 compensation for the distress and inconvenience caused by its level of service. Being without his car for a long period has had a significant impact on Mr B as he needs a car because he can't use public transport. This has affected his family and personal life and attending health appointments. And this has caused Mr B significant disruption, trouble, upset and inconvenience.

I think this payment is in keeping with our published guidance for the impact of First Central's errors on Mr B for over three months. And so I think it's fair and reasonable and I don't require First Central to increase this.

Putting things right

I require First Central Underwriting Limited to do the following:

1. Instruct another dealer's garage to carry out the diagnostic checks to determine whether or not the damage to Mr B's car's gear box is claim related.
2. Pay Mr B £85 compensation for his financial loss due to loss of use of his car, as it's already done.
3. Pay Mr B £200 further compensation (£765 in total) for the distress and inconvenience caused by its level of service, unless it's already paid this as it's agreed to do.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require First Central Underwriting Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 February 2025.

Phillip Berechree
Ombudsman