

The complaint

Mr R complains about the time U K Insurance Limited trading as NIG (“NIG”) took to repair his vehicle following an accident.

What happened

In January 2024, Mr R’s car was damaged in an accident. He made a claim to his insurer, NIG. By May 2024, Mr R’s car still hadn’t been repaired, so he made a complaint about the delays, as well as concerns he had about the vehicle’s headlights. He said that in stripping the broken headlight and fitting a new one, the repairer had caused damage to the new headlight at the fitting plug, and the wiring loom at the connector.

Mr R was provided with a courtesy vehicle. And in its response to his complaint, NIG accepted responsibility for some of the issues with the repairs, and explained that the main reason for the delays was that the vehicle’s required parts were on back-order, which was a matter outside its direct control.

It also said it felt Mr R was due compensation as it recognised that he’d been without his vehicle or a replacement for an extended period of time. It understood that his partner was expecting a baby soon which meant the lack of vehicle was causing greater difficulty. And it acknowledged that Mr R had also spent time speaking to the various parties involved including the claims team and the garage.

NIG offered Mr R £200 compensation, and told Mr R he could refer his complaint to this service if he remained unhappy. Mr R didn’t feel the £200 adequately reflected the inconvenience he’d experienced as a result of the prolonged delays in repairing his vehicle. So he brought his complaint to this service for an independent review.

Our Investigator considered the complaint, and recommended NIG pay Mr R an additional £200 for the loss of use of his vehicle. NIG didn’t agree with our Investigator, and asked for the matter to be put before an Ombudsman for a decision. So the complaint has now come to me to decide.

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.

As this is an informal service, I’m not going to respond here to every point raised or comment on every piece of evidence Mr R and NIG have provided. Instead, I’ve focused on those I consider to be key or central to the issue. But I would like to reassure both parties that I have considered everything submitted. And having done so, I’m upholding this complaint. I’ll explain why.

The crux of this complaint is Mr R’s view that there was an unreasonable delay in NIG repairing his vehicle. The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are

contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. It should also settle claims promptly once settlement terms are agreed. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

I've looked carefully at the timeline of the claim and I've given fair consideration to all the information NIG has provided about the circumstances which contributed to the delays. Mr R reported the incident on 22 January and his vehicle was taken in for repairs on 9 February. On 13 February the required parts were ordered, so I think this was done promptly. Soon after that, NIG received a response to say that some of the parts were on back-order. Some arrived on 9 April but not all parts were received. And by the end of May, the repairs still hadn't been completed. So I consider there were delays of around three and a half months – from the middle of February when parts were ordered, before Mr R was provided with a courtesy vehicle on 28 May.

Whilst NIG says it repaired the vehicle in as timely a manner as was possible in the circumstances, this isn't what ICOBs specifies insurers must do. It specifies that claims should be handled promptly. I don't consider a period of three and a half months to repair Mr R's vehicle – leaving Mr R without any replacement to transport his family including his pregnant partner, to be a reasonable timeframe.

Whilst I sympathise with NIG's argument that it's having particular difficulty at the moment in sourcing parts for Mr R's specific type of vehicle, this doesn't absolve it of the responsibility to act in line with ICOBs. NIG says it can't be expected to compensate for delays which were outside its control – but it seems to have accepted, in its final response letter, that Mr R was caused distress and inconvenience as a result of those delays, for which he should be compensated. I say this because, in the final response letter, NIG says:

"I was mindful that this had extended the time you were without the use of your vehicle...and that you had already struggled for several weeks... This was particularly difficult as your partner is expecting another child soon, and you were already having difficulty with the prams/buggies already required for your family. I also noted that you had spent some time on this matter yourself...I therefore felt you were due some compensation, as we were upholding your complaint, and offered £200."

I don't think NIG can fairly say, therefore, that Mr R shouldn't be compensated for the delays as these weren't NIG's fault – particularly when it has already acknowledged that the impact of the delays meant compensation was warranted in the circumstances.

Our Investigator felt that £200 compensation was insufficient for both the issue with the headlights and the delays which impacted Mr R for a number of months. I'm satisfied, from my reading of the final response letter, that the £200 offered by NIG was compensation for both the delays and the repair issues. This is in contrast to NIG's current stance that compensation isn't warranted for the delays because these weren't NIG's fault. But by its own logic, even if Mr R had been left without his vehicle for a considerably longer period, NIG wouldn't feel it necessary to offer further compensation because the delays were outside its direct control. I don't consider this a fair approach and I'm not persuaded that this meets the requirements of ICOBs as set out above.

NIG says that the Investigator's view could have wider implications for insurers and customers, as it could set a precedent to increase claim costs on vehicles susceptible to parts delays. This service's findings are not issued with a view to set precedents, as each complaint is considered on its own merits. Insurers are free to take on whichever risks they

are willing to cover – but they would still have to bear in mind the requirements of ICOBs when considering claims. I've looked at NIG's policy terms and there is nothing in the policy that might help to manage a customer's expectations that repairs could take several months. And I think that when customers decide which type of policy to take out (whether independently or via a broker) and decide whether or not to purchase additional replacement vehicle cover, they don't reasonably expect repairs to take as long as they did in Mr R's case. So whilst I certainly understand NIG's difficulties here, I think it still needs to fairly compensate Mr R for some loss of use. This is because it left Mr R without a replacement vehicle for over three months, it didn't meet the requirements of ICOBs in this case and I don't think it sufficiently managed its customers' expectations with its chosen policy wording.

Ultimately, having considered all of NIG's points, I'm persuaded that it should increase the level of compensation for this complaint. Mr R is a named policyholder under the schedule of cover. In other words, he's a person for whose benefit a contract of insurance was taken out. It follows therefore that I'm able to consider any distress and inconvenience experienced by him in this case even though he took out a commercial policy. I've taken into account that Mr R's partner was heavily pregnant at the time, so whilst she was not a direct customer of NIG's – Mr R was in a more vulnerable situation as the partner of a pregnant woman and the parent of an unborn child, who were both more susceptible to harm.

NIG can look on our website for examples of how we make awards for distress and inconvenience. Where issues with a claim impact a customer for some months we'd expect a higher level of compensation to be paid than in situations where the customer has been impacted for just a few days or weeks. I'm satisfied therefore, that total compensation of £400 is a fair and reasonable amount in this case, as Mr R was impacted by the delays in repairing his vehicle for over three months, and had to go to considerable extra effort and inconvenience during this time to try to sort things out.

NIG has asked, in its response to our Investigator's view, a number of hypothetical questions, such as what this service might decide in a case where a courtesy car had been offered but was insufficient for the customer, or when the matter was non-fault but repairs lingered. But it's not my role to determine what a fair resolution might be in any other circumstances except for those of the complaint referred to me. NIG has said that the principle of compensating someone when there has been no wrongdoing is of deep concern. However, as I've mentioned, it recognised in its final response letter that Mr R was owed some compensation for the disruption he experienced in being without his vehicle for an extended period of time. So I don't consider it unreasonable for that compensation to be increased to reflect the true amount of time Mr R was inconvenienced.

Putting things right

U K Insurance Limited trading as NIG should pay Mr R an additional £200 compensation for distress and inconvenience, on top of the £200 it has previously offered. If no compensation has been paid to Mr R to date, then £400 should be paid following this decision.

My final decision

My final decision is that I uphold this complaint and I require U K Insurance Limited trading as NIG to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 May 2025.

Ifrah Malik

Ombudsman