

The complaint

Mrs L complains that Tesco Underwriting Limited have not provided clear information about the settlement when her car was written off following an accident, and as a result, she is worse off.

What happened

Mrs L made a claim on her car insurance after her car was hit by a bus while she was parked. The third-party admitted liability.

Tesco told Mrs L that the car was uneconomical to repair, and so would be written off. However, she wanted to retain the car, and so Tesco offered a settlement of £2995, minus the salvage.

Mrs L had outstanding finance on the car, so Tesco advised that out of the £2995 they would deduct the salvage, clear the outstanding finance, and pay the balance to her.

Tesco also asked their approved repairer for an estimate for repairs for Mrs L, which they placed at between £900 and £1000.

After the settlement was paid Mrs L discovered the repairs would cost £1485, which she was unable to afford.

She raised a complaint saying that it wasn't clearly explained to her and requested refund of the salvage of £355.

Tesco didn't uphold the complaint and so Mrs L brought it to us.

One of our investigators has looked into Mrs L's complaint and she thought Tesco had acted fairly and provided clear information. Miss L didn't agree and so the case has come to me to review.

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'm not upholding this complaint and I'll explain why.

I've listened to the call from 12 November, and I'm satisfied that Mrs L was given clear information about her options during that call. The agent explained that the total loss settlement would be £2995 - which was the market value of the car pre-accident - and that they would deduct the salvage value of the car and pay off the finance, leaving her with the remainder to put towards the repairs. He said that would be around £1300. Mrs L agreed to this, and then he calculated the exact figures, advising her that the payment to her would be £1215.35.

He then said that he had asked the repairer who currently have the car for an estimate for repairs and they had said between £900 - £1000.

He asked Mrs L if she understood this, and she confirmed that she did. So, while I appreciate that Mrs L may not have taken all this information in, given that she was probably still feeling distressed about the accident, I can't say that she wasn't given the right information. It was also explained to her that the repairs may cost more than the estimate but that as she was getting £1215.35 that should be enough, although it wasn't guaranteed.

Following the settlement, Mrs L contacted the repairer who had the car, and they told her that the repair costs were actually £1450, which was more than she had received in the residual amount of the settlement. They also said that they wanted storage costs. I can understand why she was shocked by this.

So, Mrs L contacted Tesco again. They went back to the repairer, who confirmed the amended price of the repairs, and said that they couldn't do a lesser job because the repairs have to be to the correct standard to offer a warranty.

Tesco then offered Mrs L the option of having the car recovered to her home so that she could try and find another garage to do the repairs for less. Tesco agreed to pay the recovery costs and the outstanding storage costs. Mrs L also queried whether she could have the salvage costs refunded to her, and Tesco confirmed that she could, but she would need to return the vehicle to them.

Again, all of this information seems to me to be correct, and I think that Tesco have acted fairly in offering the recovery to Mrs L's home to give her the option of shopping around for repairs.

I can understand that Mrs L will have been disappointed with the increased repair costs but the estimate was just based on a visual inspection, and whilst Mrs L was around £200 short of the full repair costs, she had received the full market value of the car, which is the total amount she is entitled to under the policy, it's just that some of it had been used to clear the outstanding finance.

I appreciate that this is frustrating, and Mrs L feels that she has ended up disadvantaged when the accident was not her fault, but I'm satisfied that Tesco have fulfilled their obligations under the terms of the policy and acted fairly in doing so.

My final decision

My decision is that I'm not upholding Mrs L's complaint about Tesco Underwriting Limited, and they need do nothing further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 21 April 2025.

Joanne Ward
Ombudsman