

The complaint

Miss K is unhappy that UK Insurance Limited trading as Churchill Car Insurance (UKI) failed to inform her that her car was repairable, and sold it on, after settling her claim as a total loss.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again in full detail here. But to briefly summarise, Miss K accepted a claim settlement in 2019 when her car was declared a total loss. In 2024, she discovered the car had been repaired and was back on the road. Miss K is unhappy because she says she was told she couldn't retain the car. Miss K also complained that a call handler from UKI who she spoke to was rude to her.

UKI considered the complaint and explained its records from 2019 indicated it had permission to dispose of the car. UKI highlighted that once a total loss settlement is made, the car becomes its property. UKI also said it wasn't able to review the call Miss K complained about because it wasn't appearing on its system. But it accepted her testimony that the service she was provided was poor and offered £75 compensation as a gesture of goodwill.

An investigator at the Financial Ombudsman Service considered Miss K's complaint but didn't think it should be upheld. He said due to the passage of time not all the evidence was available. But from what he had seen, it appeared the salvage agent had permission to dispose of the car. He felt that written notes from the time were more persuasive than Miss K's recollections. The investigator also felt the offer of compensation for the impact of the poor call handling was fair.

Miss K didn't accept our investigator's opinion. So, as no agreement has been reached, the complaint has been passed 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.

Having done so, while I appreciate it will likely come as a disappointment to Miss K, I agree with the conclusions reached by our investigator. I'll explain why.

Firstly, I should explain that the value of the claim settlement Miss K received from UKI doesn't form part of this complaint, and so I won't be commenting it. If Miss K is unhappy with the valuation placed on her car at the time, she should take that up with UKI directly. If that results in a new complaint, she may be able to refer that new complaint to the Financial Ombudsman Service separately, subject to our normal rules and timescales.

This decision will focus on the complaint which was raised and answered in July 2024 and September 2024 respectively, – namely Miss K's declined request to retain her car back in 2019 and the poor handling of a call in 2024. I'll address each in turn.

Retention of the car

Miss K says she requested to retain her car in 2019 and was told this wasn't possible due to the car being declared a Category S write off. She's unhappy because she's more recently become aware that the car has been repaired and is back on the road.

Under the terms of Miss K's policy, once UKI paid the total loss settlement, the car salvage became its property, which means it would be entitled to sell it. However, in circumstances where the salvage category will allow it, and the policyholder requests it, I'd consider it fair for an insurer to at least consider a request to retain the salvage. And to be able to clearly explain why it wouldn't allow that to happen – assuming that was the case.

In this case, due to the time which has passed since the original claim, the available evidence as to what was or wasn't discussed at the time is limited. On the one hand I have Miss K's testimony that she asked to retain the salvage and was told this wasn't possible. On the other, I have system notes from the time, which don't indicate any request to retain the salvage, or refusal to allow this, and state the salvage agent had Miss K's permission to dispose of the car.

In situations like this, where evidence is incomplete or contradictory, I'll reach my decision on the balance of probabilities. That is, what do I consider is more likely than not, in light of the evidence which is available.

Given the time which has passed since the incident, and the fact that memories tend to become less reliable over time, I consider that the contemporaneous system notes are more likely to accurately reflect what was agreed at the time, than Miss K's recollections five years on. So, on balance, I'm persuaded that the salvage agent most likely had permission to dispose of the car, and therefore that UKI hasn't treated Miss K unfairly or unreasonably here.

Poor call handling

Miss K says when speaking with UKI in 2024, the call handler was rude to her.

UKI says it hasn't been able to find a record of the call on its systems. But despite this, UKI took the decision to accept Miss K's testimony that she was spoken to inappropriately by one of its call handlers. It apologised and offered £75 compensation for this issue.

I think UKI has treated Miss K fairly by accepting her version of events. And taking into account what Miss K said happened on the call, and the understandable distress and frustration being spoken to rudely by a professional representative of her insurer, I agree that compensation should be paid. But when considering the impact of a call like this, I'm satisfied that the amount already offered by UKI is enough to fairly compensate Miss K for the avoidable distress and inconvenience the call caused her.

My final decision

UK Insurance Limited trading as Churchill Car Insurance has made an offer to pay Miss K £75 compensation for the distress and inconvenience it has caused her, and I think this offer is fair in all the circumstances.

So, my decision is that UK Insurance Limited trading as Churchill Car Insurance should pay Miss K £75 to settle the complaint – if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 25 April 2025.

Adam Golding
Ombudsman