

## **The complaint**

Mr M complains that Covea Insurance plc ("Covea") wouldn't pay all of his car insurance claim, and then disposed of his car.

One of Mr M's family members has primarily dealt with the claim, but as the complaint is in his name for ease I'll refer to him throughout.

## **What happened**

Mr M had a motor insurance policy with Covea covering his car. He took out the policy online via a broker.

When Mr M bought the policy he said his annual mileage would be less than 4,000. The broker later said Mr M had used 4,000 as his annual mileage for several years.

He was involved in a collision with some animals. He reported the damage to Covea and made a claim.

Covea assessed the damage and thought his car would be beyond economical repair. It declared the car a write-off and discussed the value of it with Mr M.

He wasn't happy with Covea's valuation and complained. In a number of stages, Covea raised its valuation from about £6,000 to £10,000.

Covea also analysed Mr M's annual mileage and said it thought his mileage would be considerably higher than 4,000. This would have affected the premium it charged Mr M.

The premium Mr M had paid was £464.17 and Covea said it should have been £601.17. It said this meant it could reduce the amount of his claim by 22.83%.

Mr M approached this service as he wasn't happy about the value Covea said his car was worth. He was also unhappy about the reduction in this figure due to Covea's adjustment of the premium. And he said Covea was aware of the mileage discrepancy earlier on in the claim, so it should have told him then and he would have agreed to retain the salvage rather than let Covea dispose of it.

Covea initially said it would pay £200 compensation due to the delay caused by its engineer providing a low initial valuation.

Our investigator looked into Mr M's complaint and thought it would be upheld in part. She thought Covea's valuation was fair, and so was the principle of it adjusting the claim in proportion with the premium.

But, the proportion of the claim wasn't correct. It emerged Covea had overpaid Mr M by about £351. Our investigator thought Covea had made a mistake and given the time that'd passed, they said Covea shouldn't ask for it back. She also said Covea should pay £250 because of its failure to tell him about the reduction in settlement before it disposed of the car.

Covea accepted the view. Mr M replied and said he remained unhappy about how Covea handled the disposal of his car. He said it knew about the mileage issue when it collected his car, but didn't tell him his claim would be reduced until after his car had been disposed of. What this meant was he wasn't able to buy it back and repair it, which due to the reduced payout would have been his preferred option.

He asked that his complaint was reviewed by an ombudsman, so it's been passed to me to make a decision.

I issued a provisional decision as I intended to ask Covea to pay additional compensation:

*Having reviewed the file, I'm not going to refer to it all here. I can see there have been several complexities as Mr M's case has passed through this service, including his annual mileage and the exact premium he'd paid for his car insurance policy after taking account of various additional products he'd bought. I'd like to assure Mr M I've read the complete file and listened to the calls, and I thank him for his patience.*

*In his most recent correspondence with this service, Mr M has focused on Covea's failure to deal effectively with the settlement figure he was given, which then changed too later for him to realise he'd rather kept his car.*

*What this shows me is that Mr M broadly accepts the rest of the view, and wants me to focus on that particular aspect of Covea's process.*

*But in those recent emails, Mr M has said "[he] doesn't believe [he] should lose out financially as we have done so to a significant degree simply because [Covea] have been negligent in their handling of [his] case."*

*I can see he then seems to have accepted the financial part of the view and asked for me to review his case: "This isn't about money it's about fair and proper conduct and business practice and so on that basis I would like you to forward our case to the Ombudsman for review."*

*In order to examine his case fully, I have needed to look at all aspects of it to understand what went on during his claim. As I mention above, I'm not going to go into the case in any significant detail, as both parties seem to have broadly accepted the events that took during it.*

*Both seem to agree that Mr M misrepresented his details when he took out cover. The relevant legislation covering this is the Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA").*

*CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out a policy. The standard of care is that of a reasonable consumer.*

*Mr M accepts he gave the wrong annual mileage when he applied for cover. This means he made something CIDRA describes as a qualifying misrepresentation because Covea would have charged him a different premium if it'd known his true annual mileage.*

*In turn, what this means is, under CIDRA, Covea can pay a proportion of Mr M's claim, in proportion to the premium he underpaid.*

*The proportion of the premium underpaid, and hence the deduction made, was 34.61%, but should have been 38.12%. This was a change to the original stated proportions, and it was arrived at in the view. The reason for the change related to the premium Mr M actually paid*

*for his cover, rather than add-on covers he'd purchased, and a correction to his actual annual mileage.*

*From my understanding of the outcome, Mr M received £6,339, after deduction of his excess, which was slightly too high.*

*What this all means is Covea overpaid Mr M by £351. Covea agreed it would waive this amount and I think this is fair, but I also need to say I think its calculation of the settlement figure should have been correct at a much earlier stage in the process.*

*What I will say is that, given the car's pre-accident market value of £10,000, Covea provided evidence that if Mr M had been able to retain his car, he'd have a damaged car worth about £6,700, and he'd have paid his excess of £200 as well. So, effectively, his net result would have been about £6,500, but with repairs still to be paid for from his own funds and a car with a write-off category attached.*

*Taking everything into account, I think the difference of about £161 (£6,500 less £6,339) shows Mr M was slightly financially affected by Covea's decision to dispose of his car, and I'll take this into account.*

*Turning now to Covea's business practice which Mr M has said he thinks is unfair and improper. I need to say that this service is an informal dispute resolution service. We're not the regulator and if Mr M has concerns about Covea's business practices then he can approach the regulator, which is the FCA.*

*What I'm able to do is look at the way Covea dealt with Mr M, and decide whether its actions were fair, reasonable and in line with the policy terms.*

*And having thought about what took place, I don't think they were.*

*I can see there were several conversations between Mr M and Covea after the collision. Mostly they were about his car's valuation, which he wasn't happy with and asked to increase.*

*Covea increased its valuation of the car steadily, from £6,028 to £9,290 when Mr M complained. Then, to £10,000 when his formal complaint was dealt with by a different team. An overall increase of about 66%.*

*While I think a certain amount of negotiation is acceptable as part of making an insurance claim, I don't think a total increase to this extent is fair or reasonable.*

*I asked Covea to comment on this, and it mentioned it had changed its procedures to align with this service's approach on vehicle valuations. I take Covea's point about this, given Mr M's collision was in late 2023 and our approach has developed since then.*

*But I'd also say that its engineer's initial assessment of the car was that it was in "good" condition and I can't say that its initial valuations, and the way it increased the figure only in response to Mr M's complaints, were fair.*

*I've listened to the calls in which Mr M discusses this with Covea. It's clear to me Mr M and his family member were distressed by the amount offered, and had spent time investigating options on the market, so had been inconvenienced by Covea's actions. He also mentions waiting for an hour for his call to be answered.*

*Covea had previously said it would pay £200 compensation for delays during the valuation*

*process. I think this amount is reasonable and Covea should pay this for Mr M's distress and inconvenience.*

*Having listened to the calls on file, I also need to say that Mr M agreed that his car was going to be salvaged (in other words, disposed of by Covea). This was discussed at two key points in the conversations. The first was when the value of the car was under dispute, when Covea's valuation was about £9,000. And the second time was when Covea told Mr M about his mistake on mileage meaning that it'd be paying out about £6,000.*

*From the calls, Mr M accepts that the car will be salvaged by Covea on both occasions. He accepts an interim payment on both occasions, with his complaint still open with Covea.*

*The issue here is that in the second call, Mr M was clearly upset and angry about what had happened during his claim and the service he'd had. He was told during the call that his claim amount was going to be reduced by about 30%. Towards the end of the call, he accepts the lower interim payment (of just less than £6,000) and accepts that Covea will salvage his car. Although I think Covea's claims handler explains things well, I do think that Mr M needed some time to consider the impact of a substantial reduction in the claim payout, so that he could think about what his next steps would be.*

*As Mr M said in his approach to this service, Covea had already inspected his car, and Mr M had sent it a photo with the mileage, so it already had the information it needed to assess that he'd misrepresented, and therefore the earlier conversations with him should have covered the reduction in claim settlement.*

*Covea has also explained that its processes meant it would pass all claims payments to a manager for final checking before sending. And it was this part of the process that found the mistake Mr M made with his mileage. I've said above that it's not the role of this service to interfere with a business's processes, and I don't think it's unfair of Covea to do this, even if I can appreciate the frustration of Mr M after he'd been told the money would be sent straight out.*

*I've thought carefully about this, and I think Mr's distress and inconvenience is substantial. Although the calls between him and Covea are generally well explained, I don't think he fully understood the impact of the decision he'd made to accept the lower interim payment, and that the car was to be disposed of. So, as Mr M had experienced the sudden shock of being told he'd misrepresented his mileage, I think Covea should have given him some time to better deal with the consequences of his choice to take the payment and let Covea dispose of the car. When he did understand the impact of the choice, it was apparently too late.*

*Taking everything into account, I think Covea needs to pay Mr M £200 for his distress and inconvenience caused by its vehicle valuation approach. I also think it needs to pay him a further £200 for his distress caused by it disposing of his car without taking account of his circumstances.*

*I've said above that Covea has waived £351 it overpaid Mr M, and I've taken this into account in my consideration along with my estimated financial impact on Mr M of £161.*

## **Responses to my provisional decision**

Mr M accepted my provisional decision. Covea didn't respond.

## **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 both parties accepted my provisional decision or didn't respond, my final decision and reasoning remains the same as my provisional decision.

### **My final decision**

It's my final decision that I uphold this complaint. I direct Covea Insurance plc to pay Mr M a total of £400 for his distress and inconvenience. Amounts paid already can be deducted.

Covea Insurance plc must pay the amount within 28 days of the date on which we tell it Mr M accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 May 2025.

Richard Sowden  
**Ombudsman**