

The complaint

Mrs E complained about First Central Underwriting Limited's ("First Central") handling of her claim following the theft of her car, under her motor insurance policy.

What happened

Mrs E's car was stolen on 28 November 2024, and so she contacted First Central to make a claim. The car was subsequently recovered by the police. Mrs E contacted First Central to let it know. It then arranged for the car to be collected. She said a hire car was provided, but this was only for a period of 28 days. She said she was heavily pregnant at the time, and she was concerned that she would be without a car.

Mrs E said conflicting information was provided by various members of staff at First Central. She also said no-one was available to call her back. Mrs E said she'd incurred a further interest charge from her finance company because of the delay in settling the claim. In addition, she had lost items that were in the car when it was stolen. Mrs E said she wasn't told she could have retained her car, which limited the options available to her. As she wasn't satisfied with First Central's handling of her claim she complained.

First Central acknowledged it didn't handle the claim well and offered Mrs E £450 compensation. This included a component to cover the additional finance payment she made.

Mrs E didn't think she'd been treated fairly and referred the matter to our service. First Central then made a further offer to pay Mrs E an additional £100 in compensation. We conveyed its offer to First Central, but she didn't accept.

One of our investigators looked into Mrs E's complaint. She thought what First Central had now offered was fair for its poor handling of the claim. So, she didn't ask it to do anything more.

Mrs E didn't accept what our investigator said and asked for an ombudsman to consider her complaint.

It 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.

The theft of a car will always result in some disruption and inconvenience. But we expect First Central to handle claims effectively to avoid unnecessary delays and disruption. I've focused on this here.

Mrs E reported her loss to First Central on 28 November 2024. The finance on her car was settled on 10 January 2025. So, it took around six weeks for this to be processed. I've

considered Mrs E's claim journey to understand if this was handled effectively.

First Central arranged for its agent to validate Mrs E's claim. It said that due to the increased risk of fraud relating to theft, all such claims must be validated. I think it's reasonable that the business wanted to validate the loss claim. I can see that its agent provided a report dated 17 December 2024. I don't think this took an unreasonable amount of time. During this period Mrs E's car was recovered. The claim records show a cheque payment was sent to Mrs E's car finance company on 25 December. The amount owing in finance was less than the settlement payment. I can see the remainder was sent to Mrs E directly.

The claim records show Mrs E chased First Central as her finance company hadn't received payment. A direct payment was eventually sent on 10 January 2025, which was received by the finance company the same day. I note Mrs E's comments that this method of payment should have been used the first time. This will have avoided a delay in the finance company receiving payment. I asked Mrs E what this meant for her. She said the whole experience was very stressful as she wanted to make sure she had a car available when her baby arrived. Mrs E said that luckily First Central paid out in-time, which allowed her to buy a replacement vehicle. However, she emphasises how distressing the claims process was.

The claim records from 4 December 2024 show that Mrs E contacted First Central to let it know her car had been recovered. She said she was worried about not having a car as it would take at least two weeks for the police to carry out forensic testing. I can see from the hire car insurance Mrs E had in place that hire is limited to 28 days. So, I can understand why Mrs E was concerned about having no transport.

First Central recovered Mrs E's car from the police compound on 13 December 2024. In its submissions to our service the business makes clear that it treats all theft claims as a total loss. This is because it says it's difficult to ascertain what damage has been caused to the car, including its engine, because of how it was driven by the thieves.

Based on this information the recovery of Mrs E's car needn't have impacted on the processing of Mrs E's claim. As First Central didn't need to see the car to know if it was a total loss or if repairs were needed.

The records show Mrs E was told an in-house engineer would call her on 19 December 2024. I can't see that this happened. The records refer to First Central still awaiting a report from its engineer on 23 December. I can see that Mrs E chased for an update several times and requested a manager call back. Again, I can't see that this was acted upon.

The claim records show the balance from the settlement payment on 27 December 2024 was sent to Mrs E, once the finance was paid. The email sent confirming this payment asked Mrs E for proof of ownership of the items she had stolen from her car. First Central has confirmed that once this information was received it made a payment for the missing items on 8 January 2025. From what I've read this aspect of the claim was handled reasonably.

I acknowledge Mrs E's comments that she paid more in interest to her finance company because of the time taken to settle the finance agreement. A claim record from 27 December 2024 noted the extra interest came to £106. First Central told Mrs E that this amount had been included in the compensation payment it offered her. In these circumstances I think it's fair that the business agreed to refund this amount.

The records show that Mrs E was regularly chasing for the settlement to be paid given her concern about losing the hire car. First Central received its agent's validation report on 17 December. It took a week for this to be approved by an in-house engineer. In the circumstances described I think this could have been processed more quickly. The validation

report didn't highlight any concerns. So, I think an engineer could have authorised the valuation aspect of the claim more quickly. This would have avoided some of the worry Mrs E was caused. However, she did receive a refund of the extra interest she paid, which I think was fair.

Mrs E raised a concern with First Central that it had only received £5,000 for the salvage. She said had she known this she would have retained the salvage. The business explained to our service that it should have told Mrs E that once the salvage value was received from its agent, it no longer had any involvement with the vehicle. It said the information it provided to Mrs E on this point was generic, and didn't answer her concerns. However, it maintained that Mrs E wasn't financially disadvantaged. The business confirmed that it offered an additional £100 compensation for its poor communication in relation to this point.

From what I've read Mrs E didn't ask to retain the salvage of her car. First Central said it doesn't offer this to customers as it doesn't want to put them in the position of retaining a car where the damage isn't fully understood. This could result in expensive unexpected repairs. I don't think its approach here is unreasonable. However, ultimately the car belonged to Mrs E so if she asked to retain the salvage First Central should have looked to facilitate this. But the records indicate the claim was paid in full before Miss E queried the salvage fee. First Central's approach here aligns with what is considered accepted practice in the industry. Insurers will generally retain the salvaged vehicle and then sell it on to a salvage dealer. We don't expect it to offer the salvage to a customer for them to retain. Only if the customer requested this would we expect it to be agreed.

Having considered all of this, I don't think First Central handled Mrs E's claim well. The business acknowledged communication was poor including failed call backs and when providing inaccurate information. I think it's fair that it offered compensation. This should also acknowledge the delays in the finance being settled, the extra interest and the worry this caused Mrs E. But I think the final amount First Central offered for £550 was fair overall. So, I can't reasonably ask it to pay more.

I understand Mrs E was very distressed by her claims experience. By no means is my intention to diminish the impact this had on her. But I do think the compensation First Central offered is fair in these circumstances.

My final decision

My final decision is that I uphold this complaint. First Central Underwriting Limited should:

- pay Mrs E £550, in total, for the distress and inconvenience it caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 28 August 2025.

Mike Waldron
Ombudsman