

The complaint

Mr D and Mrs D complain about the quality of repairs carried out by One Insurance Limited ('One') following a claim made on Mrs D's car insurance policy.

What happened

In February 2024 Mrs D's car suffered damage after being hit whilst parked. So, she contacted One to make a claim on her car insurance policy. For reference, Mr D is a named driver on this policy.

One arranged for a garage to carry out repairs to the car and it was returned to Mrs D in March 2024. But on receiving the car back, Mrs D complained to One about the quality of the repair work saying that the car was returned with some new damage and some of the original damage wasn't repaired.

In June 2024, Mrs D appointed an independent engineer to carry out an inspection of the car and a copy of their report was provided to One. One then provided its final response to the complaint on 18 June 2024. It acknowledged it had received the independent engineer's report and requested Mrs D provide an estimate from a repairer of her choice for it to review. It also agreed to reimburse Mrs D the cost of the report and to compensate her £300 for distress and inconvenience caused.

In August 2024, Mrs D obtained and provided One with a repair estimate which totalled £10,797.06. One reviewed this estimate but didn't agree to pay it because it didn't think it was in line with the independent engineer's report and contained parts which weren't in that report. One said it was willing to pay a cash in lieu settlement of £4,217.79 to match the independent engineer's estimate and would also provide Mrs D a replacement car while hers was being repaired.

Mrs D's representative replied on her behalf to reject this offer and said the outcome Mrs D was seeking was for One to authorise the repairs at her garage which provided the £10,797.06 estimate. One didn't agree to this. It said its garage would be able to carry out the repairs for £5,309.38 and under the terms of the policy it is only required to pay what it would cost itself to complete the repairs. One also disputed that damage on the driver's side of the car was caused either by the original accident, or by its garage.

One said that it was prepared to either rectify the issues to the car or pay Mrs D a cash in lieu settlement of £5,309.38 in line with what its garage estimated the repairs would cost.

Mrs D was dissatisfied with this response, so she brought her complaint to us. Our investigator thought the complaint should be upheld in part. In summary, he said:

- One didn't provide enough evidence to show the damage to the front bumper and driver's side of the car wasn't related to the initial accident or repairs carried out. So, One should consider this damage, or include the cost of putting it right if Mr D and Mrs D chose a cash settlement.

- It wasn't reasonable for One to authorise repairs for the garage which produced the £10,797.06 estimate as this cost was higher than what it would cost One to complete repairs. One should be given an opportunity to rectify the repair work through its own garage, but if possible should arrange a different garage than that which had carried out the original repairs.
- One should reimburse Mrs D the £255 cost she incurred for the independent engineer's report. The £300 compensation One had offered was fair and reasonable, so One should also pay this.

One accepted the investigator's opinion. But Mr D and Mrs D did not. Their representative replied on their behalf, and in summary said:

- It is Mrs D, rather than One's right to choose who should carry out the rectification work and the cost of this work likely will now have increased due to inflation. This is in accordance with the 2015 Consumer Rights Act.
- Mrs D is entitled to 8% interest on the cost of the rectification work under the 1984 County Court Act.
- Further compensation is warranted as Mr D and Mrs D have suffered physically and mentally with the stress caused by dealing with One.

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've decided to uphold this complaint in part. I'll explain why.

I should start by saying while I've read and considered everything Mr D and Mrs D and One have provided, I won't be commenting on every point made. I'll instead concentrate on what I consider are the key points I need to think about for me to reach a fair and reasonable decision. This isn't meant as a discourtesy to either party, but instead reflects the informal nature of this Service.

I'll now set out my findings on this complaint:

- The terms and conditions of the policy say that when making a claim One will arrange to carry out repairs with one of its repairers. But if the insured chooses to use their own repairer, the terms say that One will only pay what it would have cost for its own repairer to complete the repairs.
- In principle I don't find this unfair. In the event of accidental damage, the terms require One to either pay for the cost of repairs, replace what was lost or stolen, or pay a settlement based on the market value of the car. It isn't materially unfair for insurers to mitigate their costs and due to economies of scale insurers often have access to more favourable rates for repair costs than a consumer would on the open market.
- The dispute here though doesn't relate to the initial choice of garage or associated costs. Mrs D agreed to let One's garage carry out the original repairs. But when the car was returned, she was dissatisfied with the quality of these repairs. Accordingly,

this dispute relates to the outstanding damage to the car following the initial repairs, and the fair and reasonable way to put that right.

- Under ICOBS 8.1 an insurer is required to handle claims promptly and fairly. After the claim was made, the terms required One to carry out a repair. To ensure the claim was handled fairly, I would have expected the repair to have been carried out to a reasonable standard, and to include all the damage caused from the accident claimed for. And if it was not, I would have expected One to take fair and reasonable steps to investigate and put right any incomplete or poor-quality repairs.
- In its final response dated 18 June 2024, One asked Mrs D to provide an estimate from a repairer of her choice. After she did this, it said in an email dated 6 August 2024 saying it would offer a cash in lieu settlement matching the independent engineer's estimate of £4,217.79. It then said in an email dated 29 August 2024 *"As previously outlined, we are happy to rectify the outlined issues to the passenger's side which relate to poor repairs"*. It also said if Mrs D didn't want to return her car to One's garage for this work, it would pay her £5309.38 – which is what it had estimated it would cost its own garage to carry out the repair work.
- However, Mr D and Mrs D's representative says that they are entitled under the Consumer Rights Act 2015 ('CRA') to reject the repairs which One previously carried out, and to the remedy of One covering in full the cost of repairs at a garage of Mr D and Mrs D's choosing.
- We're not a court, so my role isn't to make a legal determination. But my role is to consider what is fair and reasonable in all the circumstances. So, I have taken into account what the CRA says.
- The right to reject is set out within Section 20 of the CRA. However, this is contained within Chapter 2 of the CRA which covers contracts for the supply of goods to a consumer. So, I do not think it applies here because by carrying out repairs to Mrs D's car, I think One were providing a service rather than providing goods.
- So, instead I think Chapter 4 of the CRA applies as this covers the supply of services to a consumer. Section 49 of this chapter says:

"Service to be performed with reasonable care and skill"

(1) Every contract to supply a service is to be treated as including a term that the trader must perform the service with reasonable care and skill."

- I think the independent engineer's report shows that the original repairs were not carried out with reasonable care and skill. So, I think this entitled Mr D and Mrs D to the Right to repeat performance as set out in Section 55 of the CRA:

"55 Right to repeat performance"

(1) The right to require repeat performance is a right to require the trader to perform the service again, to the extent necessary to complete its performance in conformity with the contract."

- One has offered to return the car to its garage to carry out repairs. So, I think it has provided Mr D and Mrs D with the right to repeat performance, and as such I think this was a reasonable response and in line with the CRA.

- Given Mr D and Mrs D's reluctance to return to the original garage, One may wish to consider instructing a different repairer from its network to carry out the rectification work. If Mr D and Mrs D wish to use their own repairer instead, I think given that One has offered the right to repeat performance, it would not be unreasonable for One to pay a cash settlement based upon what the repairs would cost One to carry out.
- Any rectification work or cash settlement should include the cost of putting right any additional damage the garage caused when it carried out the original repairs, putting right any poor-quality work from the previous repairs, and repairing any damage from the original incident in February 2024 which wasn't previously repaired.
- It was previously disputed that damage to the driver's side and front bumper wasn't caused by the original incident, so One weren't willing to cover this damage. But our investigator didn't think there was enough evidence to show this damage was pre-existing and recommended One cover it. One didn't dispute this recommendation, and I see no reason to depart from it. So, I think One should cover the driver's side damage either by including this in the repairs it carries out, or by paying what it would have cost it to repair this if Mr D and Mrs D opt for a cash settlement.
- Mr D and Mrs D's representative says that interest should be applied to the repair costs. We'll generally only award interest in circumstances where a consumer has been deprived of funds due to a business's actions. Mr D and Mrs D haven't yet paid for any repairs to their car, so they haven't been deprived of what these repairs will cost. As such, I don't find that interest should be applied to a cash settlement for the cost of repairs should Mr D and Mrs D choose that option.
- However, Mr D and Mrs D have been out of pocket for the £255 cost of the independent engineer's report. One has offered to reimburse Mr D and Mrs D this cost, but I think simple interest at a rate of eight percent per year should be applied to this refund calculated from the date Mr D and Mrs D paid for this report to the date this refund is paid to reflect that they have been without these funds. I acknowledge that One has previously requested Mr D and Mrs D provide their bank details so that this refund can be paid. So, should Mr D and Mrs D accept this decision, they should provide One with their bank details within two weeks of the date of the deadline to respond to this decision, and if these details aren't provided to One within that timeframe, no further interest will accrue.
- One offered to compensate Mr D and Mrs D £300 for the service they've received. I've considered if this amount is fair and reasonable for the distress and inconvenience caused. I acknowledge Mr D and Mrs D are seeking a substantially higher amount than this, and I sympathise both Mr D and Mrs D have been suffering from serious health problems.
- I think there was some poor communication from One as although it appears to have been responsive prior to this, I can't see it replied to Mrs D's request for it to send her a copy of its engineer's report. So, I think this caused some distress and inconvenience to Mrs D. I think the quality of repair issue itself has caused some inconvenience as it has required further engagement to put right, including the need for an independent inspection, and Mr D and Mrs D will be inconvenienced further by needing to return the car to a garage for more work. But, as a whole, I think £300 is fair and reasonable for the distress and inconvenience caused to Mr D and Mrs D by One for its handling of this claim.

- One also said in its final response that it wouldn't pay the fees for Mr D and Mrs D's professional representative. I don't think that's unfair since these fees aren't covered by the policy and it was Mr D and Mrs D's choice to appoint a professional representative rather than something One asked or required them to do.

Putting things right

To put things right, I require One to do the following:

- Instruct and authorise one of its garages to carry out the rectification work for Mr D and Mrs D's car. This should include the damage to the front driver side and bumper of the car. Alternatively, if Mr D and Mrs D do not want the repairs to be carried out by One, it should pay them a cash settlement equivalent to what it would cost One to complete the repairs – including the damage to the front driver side and bumper of the car. If Mr D and Mrs D choose a cash settlement and require a replacement car while theirs is being repaired, One should provide one in line with its previous offer to do this.
- Reimburse Mr D and Mrs D the £255 fee they paid for the independent engineer's report and add eight percent simple interest per year to this refund calculated from date Mr D and Mrs D paid it to the date of settlement. No further interest will accrue after two weeks from the deadline to reply to this decision stated below if Mr D and Mrs D haven't provided One by then the details it has requested in order to make this payment.
- Pay Mr D and Mrs D £300 compensation, if it has not done so already.

If One considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr D and Mrs D how much it's taken off. It should also give Mr D and Mrs D a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint in part, and I require One Insurance Limited to carry out what I've set out in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 7 July 2025.

Daniel Tinkler
Ombudsman