

The complaint

Miss S says that when she made a claim on her car insurance policy Tesco Underwriting Limited took too long to settle it and didn't pay her enough for her written off car.

What happened

Miss S told us she wasn't happy with the £34,884 Tesco paid for the car in September 2024 as she'd need much more in order to buy a comparable one. She also said she'd had to chase Tesco for updates on the claim (made on 26 June 2024) whilst coping with a new baby. She said the time taken to deal with the claim had a huge impact on her financially and personally, given that she was without transport for so long whilst still paying for her car.

In its final response to Miss S's complaint, Tesco said it had paid her the top valuation given in the national valuation guides. It considered the adverts she provided, but it said they were for cars newer than hers, with lower mileage. It accepted that the claim had taken longer to settle than it otherwise would have done, as it had to be put on hold whilst a query about its owner / registered keeper was resolved. It said after the claim was validated on 30 July 2024 it was written off, but Miss S declined the settlement sum offered on 30 August 2024. The offer was revised and paid on 17 September 2024. Tesco offered £100 compensation to Miss S for the delay in giving her the correct offer for the car.

One of our Investigators reviewed Miss S's complaint. He thought Tesco had acted reasonably. He didn't think the adverts she had given it were persuasive. He noted that in the extra adverts she gave to us the cars were also newer than hers, with less mileage. He said part of the delay wasn't Tesco's fault, as it had concerns about the details Miss S had given it at the start. And he thought the offer of £100 for the valuation delay was fair.

Miss S said she had no option but to provide adverts for a newer version of her car, as her car was rare, and there were no directly comparable examples on the market. She said the initial delay was because Tesco had made an error - otherwise it would just have declined the claim. She said the claim was mismanaged, as initially the recovery agent ('firm C') had said the car was repairable, but when it was moved to a garage by 'firm F' the garage said it should be written off. She said the loss of a car for so long had a devastating impact on her ability to carry out daily activities with a new baby. And as Miss S had still had to pay for the car's ongoing finance and insurance, she thought that should be part of the compensation.

The Investigator issued a second view, having told Miss S that we couldn't review the extra issues she'd raised that she hadn't yet put to Tesco. His opinion of the valuation remained the same. He said the initial validation delay was due to Miss S saying she was the car's owner and registered keeper, when in fact her partner owned it, and lived at a different address to her. He thought Tesco had a legitimate reason to investigate, so the delay that caused was reasonable. He noted that Miss S and her partner had called Tesco numerous times for updates, but he said there weren't always any to give. And he still thought £100 compensation for the valuation delay was fair.

Miss S continued to complain about the inadequacy of the valuation process for a rare car, plus the delay and the financial and emotional impact on her of paying for a car whilst having no transport. As there was no agreement, the complaint was passed to me for 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.

The valuation

We think the best way to establish a car's likely market value is to rely on the figures quoted in the national valuation guides, as they're based on extensive nationwide research. We think insurers should normally pay the top valuation quoted in the guides, unless they can show why that wouldn't be appropriate. In this case Tesco paid the top valuation, plus an extra sum for the features on the car that added value to it. I think that was reasonable.

The Investigator asked Miss S to provide evidence that her car was rare, but she didn't do so. I haven't seen any evidence to show that the car is worth more than the top figure in the valuation guides due to its rarity. I can see why Miss S provided adverts for a newer model that she thought was the nearest match to her car. But the age and lower mileage of those cars means their market value is higher than for hers. I think it might have been fair to take those cars into account had the valuation guides *not* quoted for Miss S's model of car. Sometimes they aren't able to provide valuations, but that doesn't apply here. I don't think the adverts are persuasive evidence that Tesco should offer Miss S more.

Delays

I think it was reasonable for Tesco to query the conflicting details it had about the car's owner and registered keeper. In my opinion, Tesco didn't make an error, and it had good reason to want to clarify the situation. Its queries established that Miss S hadn't misrepresented the facts, and as there was a sound explanation for the discrepancy it had identified, the claim was accepted. I think the initial delay to 30 July 2024 whilst the claim was on hold was unavoidable in the circumstances.

I can see why Miss S would have found it very stressful to be without a car during this period, especially with a new baby to transport. But the policy only provided for a courtesy car if repairs were being done. Although firm C had said it thought Miss S's car was repairable on 18 July 2024, that couldn't be progressed until after the claim was validated and the car was fully assessed by a garage.

Miss S thinks the claim was mishandled as the car went to firm C and then to firm F's garage. But firm C doesn't repair cars, so it had to be moved. It may be hard to see why firm C thought the car was repairable, given the amount of damage to it. But sometimes the full extent of the damage to a car isn't apparent until a garage inspection is done. Firm F collected the car on 5 July 2024 and two weeks later its garage provided a report to Tesco showing that it was a total loss, due to the cost of repairs. Further enquiries then had to be made to ensure Tesco had proof of the car's purchase, which I think was reasonable.

It seems the unfair offer of £27,740 that was put to Miss S on 30 August 2024 was due to human error. I think it's clear why she was so distressed by it, given that it was so much below the car's market value. The revised offer of £34,884 wasn't put to her until 17 September 2024, so there was an avoidable delay after the error in her getting a payment for the car. I think £100 compensation is a reasonable sum to compensate for that.

Impact on Miss S

In my opinion, Tesco could have been more proactive at times, which would have reduced the stress Miss S faced. But she has made it clear that the valuation is the most important aspect of her complaint. She genuinely believes she should be paid several thousand pounds more for her car and is very upset that Tesco disagrees. I understand why she feels so strongly about the issue, but I don't think the available evidence supports her stance.

There's no doubt that Miss S had to deal with a very difficult situation due to the theft of the car and the damage done to it. Being without transport with a new baby must have been very hard to manage, and I sympathise with her. But I think much of the distress and inconvenience she faced was the result of the theft, the need to address the discrepancy in the claim, and then the need to assess the damage to the car. None of that was Tesco's fault, nor was the fact that Miss S's policy only provided a basic courtesy car for a short period, causing her even more stress. Unfortunately, Miss S remained responsible for the car's insurance and for the finance payments on it until the claim was settled - as all consumers do. So although it must have been very frustrating for her having to pay those costs when she didn't have a car, they can't be part of the compensation from Tesco.

I think it's likely that Miss S is still concerned about the other issues she raised with us that weren't put to Tesco as part of her initial complaint (relating to the car's salvage, for example). But they have to be put to it to allow it to respond. If Miss S isn't happy with Tesco's response, she can then make a further complaint to us about the issues.

I know Miss S will be disappointed with my decision, but as I think Tesco acted reasonably in terms of the valuation and tried to compensate for undue delay, I can't uphold her complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 21 July 2025.

Susan Ewins
Ombudsman