

## **The complaint**

Mr O complains that Nelson Insurance Company delayed in settling his claim following the theft of his taxi, and the settlement valuation was too low.

## **What happened**

Mr O held a Private and Public Hire insurance policy with Nelson for his taxi vehicle. In July 2023 Mr O made a claim after his vehicle was stolen.

Mr O says that Nelson were causing delays in deciding his claims, so he was forced to take out a loan to get a new car in order to earn money. The new car also had to be electric to get his TFL licence.

Nelson made a first offer in November 2024 – 15 weeks after the theft - for £14593 and later increased it to £16150 plus an extra £750 after taking further consideration of the mileage.

Mr O was unhappy that Nelson said they were entitled to take 42 days to determine the claim when the police closed the investigation in 2 weeks.

Mr O brought his complaint to us as he was unhappy with the settlement amount and the delay in receiving payment.

One of our investigators has looked into Mr O's complaint and she thought that Nelson's offer to resolve things was fair.

Mr O disagreed with this and so the case has come 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.

I'm upholding this complaint and asking Nelson to pay the balance of the offer they have already made, and I'll explain why.

## **Valuation**

This service's role isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of a policy correctly and taken reasonable steps to ensure a fair valuation was reached.

The terms of Mr O's policy outline how a valuation settlement will be calculated when there is a total loss. It says:

*"If your vehicle is lost or damaged by theft or attempted theft.*

*It will be our decision whether to repair replace or pay in cash the amount of the loss or damage. The most we will pay is the market value of your vehicle and it's fitted accessories".*

The policy defines market value as:

*The cost of replacing your vehicle as far as may be practical with one of the same make, model, year, type, mileage and condition at the time of your loss or your estimated value last declared to us; whichever is the lower amount but not exceeding the purchase price paid by you"*

We consider that the best way of ascertaining the current market value of a vehicle is by using the standard retail guides, and so in line with this policy term, Nelson obtained the standard retail valuations for this car. These were – Glasses - £15600, CAP - £14695 and Parkers - £13485. They took the average of these and initially offered £14593. However, after representations about the mileage, they increased their offer to £16150.

I have checked the guides myself and have obtained valuations of £14850, £15910 and £14838. As Nelson's offer of £16150 is slightly over the highest valuation that I have obtained, in the absence of any other evidence, I'm satisfied that Nelson's offer of £16150 fairly represents the market value. Following that offer, Nelsons have also offered a further £750 on the value to resolve matters, which I consider is more than fair.

I appreciate that Mr O had to buy a new electric vehicle due to having to comply with new regulations, and that he had to take out a loan for this, but this doesn't affect the way in which a settlement is calculated in terms of the policy.

In terms of consequential losses, Mr O incurred £222.90 in interest charges on the new car loan between 22 August 2024 to 15 November 2024 – which was when he received the settlement and paid off the loan. I think that the additional £750 paid over the value of the car more than adequately covers this loss.

## **Delays**

When a claim is made, we wouldn't expect it to be settled immediately, as there is always a period of time when the claim is being validated by the insurer. We would only consider it unacceptable when there is an avoidable delay in deciding the claim once all the relevant information is obtained.

I can see that the claim was made in July 2024 and Mr O was interviewed at home by the Nelson's representative on 4 August. They were satisfied with Mr O's account of the theft and the evidence he provided them with, and they sent the keys off for investigation. This part of the validation process was completed and a report prepared on 20 August 2024. The investigators report was completed on 29 August.

I appreciate that the police had already closed their investigation down by then, but an insurer is entitled to complete their own checks to validate a claim, and I don't think that this was an unreasonable period of time taken by Nelson to do so.

Nelson also have a term in their policy which says:

*"If your vehicle is lost by theft, we will only make payment if it has not been recovered within forty-two (42) days of the date upon which the theft was reported to us."*

As the theft was reported on 23 July 2024, Nelson had until 3 September before they had to consider making a payment.

So, I'm satisfied that up until 3 September there had been no unreasonable delay and Nelson had been progressing their investigations as they should have.

However, following that, no offer was made to Mr O until 4 November, which was around 8 weeks later, and I can't see any reason for this delay, as Nelsons had all of the information they needed to determine the claim by the end of August.

I understand that an interim payment of £14693 was made to Mr O on 19 November 2024 and an increased settlement figure of £16100 was offered on 20 November 2024 and if accepted would have been received after about a week. It was, however rejected and so not paid.

Nelson have accepted that there was some delay in the claim, and to compensate they have agreed to waive the £600 excess on Mr O's policy.

So, I've thought about whether waiving the £600 excess is sufficient to reflect the distress and inconvenience caused by this delay in determining the claim.

I accept that this will have been a worrying time for Mr O, and I appreciate that he was anxious to buy a new car and get back on the road earning a living.

However, I think that for a delay of around 8 weeks, and incurring interest payments of £222.90, waiving the £600 excess is sufficient compensation. Particularly given that Nelsons offered a further £750 over and above the value of the car in order to bring the complaint to a close.

### **Personal possessions**

Mr O has also complained that he had several items of value in the car when it was stolen, including a dash cam. Unfortunately, under the terms of the policy, personal possessions are only covered up to £100, and Dash Cams are excluded from cover. So, I can't say that Nelsons have done anything wrong here in restricting possessions cover to £100.

### **Putting things right**

In order to put things right, Nelson should:

Pay Mr O the difference in valuation of £1557 and the additional £750 they have offered.

### **My final decision**

My final decision is I am upholding Mr O's complaint against Nelson Insurance Company Limited and directing them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 30 June 2025.

Joanne Ward  
**Ombudsman**