

The complaint

Miss B complains that U K Insurance Limited trading as Darwin (UKI) disposed of her car and personal belongings following a claim made on her motor insurance policy.

What happened

Miss B's car was damaged in an incident, and UKI declared it to be a total-loss. The facts of Miss B's claim are well-known to both parties. So, I haven't repeated them in detail here.

To summarise, UKI's agent sold Miss B's car without clearly informing Miss B of her options for keeping it. Miss B complained to UKI as she hadn't been told that her car had been sold and was shocked to receive a penalty charge notice for a car she no longer had possession of. Miss B was also waiting for some belongings from her car to be returned to her.

Miss B complained to UKI about its decision to sell her car and personal belongings without properly notifying her of her options after it had been declared a total loss. UKI said Miss B hadn't requested to keep her car at any time during the claims process, and so the car had been sold. UKI accepted that the communication around Miss B's belongings could've been clearer and agreed to pay Miss B £100 in recognition of this poor service.

Miss B didn't accept this and referred her complaint to the Financial Ombudsman Service. Miss B said that she wasn't given any information about the options for her car, and the £100 offered didn't recognise the shock and upset caused after receiving a penalty charge notice for a car she hadn't been driving.

After the complaint came to us, UKI said it would increase its offer of compensation to £250 to reflect the upset caused by the loss of Miss B's personal belongings. Our Investigator agreed with what UKI had offered, and didn't recommend UKI do anything more in settlement of Miss B's complaint.

Miss B disagreed, saying the compensation doesn't reflect UKI's poor service in failing to explain her options, and the events that followed, including the penalty charge notice being sent to her. As the complaint couldn't be resolved, it has been passed to me for decision.

I issued a provisional decision on Mr B's complaint. This is what I said about what I'd decided and why.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

When a business makes a mistake, as UKI accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error has had on the consumer.

UKI say that it accepts responsibility for the poor service surrounding Miss B's personal belongings. As this part of Miss B's complaint is accepted by UKI, I've focused this provisional decision on the second part of Miss B's complaint, concerning the lack of information provided by UKI in respect of Miss B's options for keeping her car.

UKI has sent several call recordings showing the information provided by its representatives during the claims process. UKI refer to one of these calls in its final response letter. This appears to be the call of 28 June 2024 when Miss B was first informed about the total loss decision on her car. UKI say Miss B didn't ask to keep her car during this call.

I've considered UKI's comments. But I think it's important to consider this call in light of other evidence on the case. After the call of 28 June Miss B was sent a letter confirming her car had been declared a total loss, and providing a total loss valuation. I recognise what UKI has explained about Miss B being provided with details about what would happen next for her claim in this letter.

However, a few days later, I've seen that on 2 July Miss B had another call with a UKI representative. During this call Miss B made it clear that she hadn't been told about her options for her car and whether she could keep it. It's reasonable to say that the call ended with the expectation that another UKI representative would contact Miss B (likely the salvage agent) to explain her options clearly, and confirm next steps for her claim. It's fair to say that Miss B was waiting for this contact to happen.

I accept that several weeks passed and neither UKI or Miss B made any attempt to communicate further about the claim. It wasn't until Miss B received the penalty charge notice that she called UKI and was informed about her car being sold. I recognise the shock and upset caused to Miss B on hearing this information about her car after not being contacted by UKI for several weeks.

The last contact Miss B had with a UKI representative on 2 July suggested that she'd receive a call to confirm what would happen with her car and her options for it. This didn't happen. Instead the next contact she had about her car was to tell her that she was responsible for paying a fine for it when she wasn't in possession of the car at the time. This amounts to poor claims handling.

As the business responsible for managing the claim, alongside the expectation that UKI would initiate contact after the call of 2 July, UKI should've done more to ensure this call happened and that Miss B was fully informed about the options for her claim. I've considered the impact of this poor service when deciding what fair and reasonable compensation should look like.

The call of 2 July created an expectation that a UKI representative would call Miss B. Miss B says said that in a previous call she'd spoken to a UKI representative and 'asked him whether the vehicle could be returned so I could basically get all my stuff out and sort out the scratch myself and they advised saying no that basically I need to give you guys ownership.'

The call handler was surprised that Miss B hadn't been given more information about her options, and said that Miss B would receive another call to discuss her options. It's clear from this call that Miss B was surprised that she could keep her car if she wanted to, and would wait to hear more about this before deciding what to do.

Miss B says she has missed out on the opportunity to keep and repair her car, and instead had to purchase a new car. Miss B has explained how she would've kept her car if this option had been clearly explained to her. In light of the call of 2 July, and what Miss B said about the light damage on her car and possibility of repairing it, I think it's reasonable that

UKI pay compensation in recognition of the missed opportunity for Miss B in retaining her car.

I also think that the compensation award should recognise the additional upset and shock caused to Miss B after receiving a penalty charge notice some time after being told a UKI representative would contact her to discuss her options for her car, including obtaining her agreement for it to be sold.

Miss B says £250 doesn't reflect the trouble and upset she has experienced throughout her dealings with UKI. I've carefully considered Miss B's comments. I recognise that UKI failed to properly manage Miss B's claim. And this was to the extent that Miss B has now been deprived of the opportunity to have her car back and repair it. Miss B has explained it was her intention to do this, and the call of 2 July supports this, so I can see why she is frustrated by what has happened.

But I'm also persuaded that some time passed on the claim without Miss B asking about the whereabouts of her car. I accept that she was expecting UKI to contact her, but I think it's fair to consider the time passed on the claim, when determining what fair and reasonable compensation should look like.

When thinking about our award bands for when things go wrong, and the impact on a consumer, I'm persuaded £500 is fair and reasonable compensation for UKI to pay Miss B for what went wrong with the handling of her claim. This amount recognises the expectation created following the call of 2 July, and the disappointment caused to Miss B as a result of UKI failing to contact her to discuss her options, as she was promised would happen.

It also recognises the upset caused in learning about her car being sold after receiving a penalty charge notice. It's fair that UKI pay compensation for Miss B's missed opportunity, as the evidence reasonably supports it didn't do enough to fully explain Miss B's options to her, despite saying that it would. And Miss B may have acted differently if it had done so.

Putting things right

I'm minded to direct U K Insurance Limited trading as Darwin to do pay Miss B £500 compensation for the distress and inconvenience caused by its handling of her claim (if any part of this compensation has already been paid, UKI must pay the outstanding amount only)

My decision

For the reasons provided I'm minded to uphold this complaint, and direct U K Insurance Limited trading as Darwin to follow my direction for putting things right as set out above.

The responses to my provisional decision

I invited both Miss B and UKI to respond to my provisional decision. UKI accepted the provisional decision. Miss B didn't accept the provisional decision, citing her reasons for why UKI needs to do more to put things right.

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.

Miss B says the compensation directed doesn't reflect the trouble and upset caused to her. Miss B has explained '*A significant part of the distress arose from not being made aware of all available options at the time, which left me in a difficult position.*'

I don't doubt Miss B went through an upsetting period as a direct result of UKI's failure to deal with her claim properly. And it was because of UKI's failure to properly explain Miss B's options to her, that she missed out on the opportunity to consider whether she wanted to retain her car. In my provisional decision I explained that the compensation I was directing was in recognition of this lost opportunity.

I recognise and accept UKI didn't do a good job of handling Miss B's claim as well as it could've. Miss B was let down because of UKI's failure to contact her after being told this would happen. I'm satisfied my provisional decision acknowledged UKI's poor claim handling, and the impact on Miss B. Without going into the detail of those failings, what is apparent is that Miss B has been caused distress and inconvenience, and thinking about our award bands in situations like this, I'm persuaded £500 compensation is reasonable, and in line with what we'd direct in the circumstances. So I'll be directing UKI to pay this.

I've carefully considered Miss B's submissions. But I don't think these comments materially change the outcome of, or my direction for putting things right on, Miss B's complaint.

My final decision

For the reasons provided I uphold this complaint. U K Insurance Limited trading as Darwin is directed to pay Miss B £500 compensation for the distress and inconvenience caused by its handling of her claim (if any part of this compensation has already been paid, UKI must pay the outstanding amount only).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 22 July 2025.

Neeta Karelia
Ombudsman