

The complaint

A limited company, which I will call S, has complained about the handling of a claim made under its commercial insurance policy with Great Lakes Insurance UK Limited.

Ms C, as a director of S, has complained on its behalf. Ms C is also represented in this complaint but for ease, I will refer to Ms C throughout this decision.

What happened

S's policy with Great Lakes covers any vehicle owned or hired by S. A vehicle that S hired from 23 – 27 October 2023 was written-off in an accident. The damage, which was to the chassis, was discovered by the owners when the vehicle was returned to them by S. The driver of the vehicle did not recall when the damage happened and initially said it may have been caused by a pallet and later that it may have been caused when he hit a tree branch. The driver was not certain, however, how the damage occurred.

S made a claim for the damage under its policy with Great Lakes. S is unhappy with the time taken by Great Lakes to settle the claim. S also says the initial offer for the value of the vehicle was too low. S says that it had to pay hire charges for the vehicle until settlement was made. The final total loss offer was made in late January 2024 and paid on 2 February 2024.

Great Lakes does not accept it did anything wrong. It says the claim was notified on S's behalf by its insurance broker just over a week after it occurred and it was originally told it happened on 20 October 2023, which was before the vehicle was insured on this policy. It was later told the date of loss was 25 October 2023. Great Lakes also says the incident that caused the damage was not clear and two possibilities were provided, so it had to do two assessments of the damage. In addition, Great Lakes says it needed the purchase invoice from the owner, as it was close to a write off, which caused delay. It therefore says the delays in this matter were because of the inconsistencies with the date of loss, the two different circumstances of the incident and the indemnity issues caused by both.

S remained unhappy with Great Lakes's response to its complaint, so referred the matter to us. It says that while it understands some clarification of the circumstances of the claim were required, there were unjustified delays before an offer was made and there were further delays because the initial offer was too low. S says it incurred hire charges as a result, which it wants reimbursed.

One of our Investigators looked into the matter. He recommended that Great Lakes should pay four weeks' worth of hire charges, with interest, and pay £150 compensation.

Great Lakes does not accept the Investigator's assessment. It says it was not for it to query if the date of the loss that had been given was correct or not; this was provided by the broker and it had no reason to question it. In addition, the driver of the vehicle was not certain how the damage occurred. It asked the driver to complete a statement of the incident on 17 November 2023, which was never received. If that had been provided then the matter would have been resolved sooner. However, it progressed the claim anyway, making an offer in

early January 2024. This was based on an independent engineer's assessment of the value of the vehicle. Great Lakes says it should not be held responsible for delays that are due to poor communication from the broker and policyholder.

The offer was rejected and S provided some market examples of the same vehicle for sale. Great Lakes says it therefore reviewed its offer and offered a higher settlement in mid-January 2024 but said it would deduct the storage costs incurred before it was notified of the loss. It proposed to deduct £350 for 10 days storage before it was notified and £298 VAT element of S getting the vehicle released from storage. S rejected this offer, and Great Lakes then agreed to pay the full value. This was accepted at end of January 2024 and payment raised two days later.

Great Lakes also says it needed to assess the vehicle twice, as it was told it may have been damaged by a pallet and then by hitting a branch; it offered to move it to free storage once it was declared a total loss but S refused and did not agree to it going straight to salvage yard so there were higher recovery costs as well

As the Investigator was unable to resolve the complaint, it has been referred to me.

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 agree with the outcome proposed by the Investigator. I will explain why.

The rules that govern the way insurers deal with claims state that they should be dealt with promptly and fairly. There is no set time period for settling a claim that would be considered reasonable; each claim is different and the time that would be considered reasonable for each claim will depend on the particular circumstances.

It took around 13 weeks in total to settle S's claim. I have considered whether this was reasonable or not and whether there were any avoidable delays on Great Lakes's part in the progress of the claim.

The claim was notified to Great Lakes on 3 November 2023. I can see that it took Great Lakes a week to acknowledge the claim. Great Lakes has said in response to the Investigator that the initial delay in setting up the claim was because the broker sent the notification of the claim to the wrong email address. I think it would be reasonable to expect the email to have been redirected to the correct address, or to have told the broker to resend the email. I have not however, seen any evidence this was done or any reasonable explanation why this meant a week's delay

Great Lakes also says that the date of loss was initially given as before the vehicle was hired by S, which raised queries and referrals to its underwriters by 10 November 2023. It is accepted that this was an error on the part of S's representative. Great Lakes says it asked for a statement from the driver in mid-November 2023 and if that had been received then this issue would have been clarified sooner.

The discrepancy with the date of loss might have been highlighted in a statement. However, I do not think the fact no statement was provided means that Great Lakes did not still have a duty to progress the claim in a reasonable time. I also note the claim was settled without any statement from the driver, so it was not required in order to deal with the claim.

I also note that Great Lakes requested the hire agreement from S on 12 December 2023 but

did not contact S to query the date of loss until late-December 2023, over a month after the claim was submitted. S clarified the dates but Great Lakes did not confirm it was satisfied the claim was covered until mid-January 2024.

Great Lakes says it is not responsible for this delay as it is not reasonable to expect it to have queried the date of loss. While I appreciate that it is entitled to accept dates and details provided by the claimant, I think the point is that it could have looked into this and informed S that the date of loss as reported meant the claim would not be covered sooner than it did. If it had done so when it first raised internally that there was an issue in early November 2023, it could have been resolved a lot sooner than it was. While Great Lakes had internally looked into this, the fact it did not raise it with S for several weeks meant it did not get the correct information until late December 2023.

Great Lakes says it was progressing the claim anyway, which I accept. However, I do not accept that this means there were no delay in the settlement of the claim.

I also note that, having got the new information with the correct date of loss, Great Lakes's first offer of settlement was for £4,750 when its engineer had put the value at £6,400. No explanation has been given as to why it made a lower offer.

As the engineer had issued a total loss report saying the damage was consistent with the vehicle having hit a tree branch on 30 November 2023 and had put the market value of the vehicle at £6,400, it seems to me that this amount could have been offered once the date of loss was resolved, which was 20 December 2023. So, even allowing for a period of consideration after that, it would seem to me this amount should have been offered by end of December 2023. But the sum of £6,400 wasn't offered until mid-January 2024.

Having said all this, I do not consider that Great Lakes is responsible for all the delays. For example, S did not report the claim until a week after it was aware of the loss. The incorrect date of loss did cause some issues that Great Lakes was entitled to look into further and the driver not providing a statement and also the vehicle owner not providing the purchase details also caused some delay.

There was also some back and forth discussion about the storage cost for the vehicle. I think it was fair for Great Lakes to seek to deduct the storage costs incurred prior to it being notified of the claim. However, I also think it was reasonable that Great Lakes met these costs when it became clear the vehicle wasn't going to be released until this was paid and to not recover that cost to finalise the settlement.

Having considered everything carefully, I agree with the Investigator the claim would likely have been concluded around four weeks sooner than it was due to avoidable delays on Great Lakes's part. I therefore also agree that it would be fair and reasonable to reimburse the last four weeks' hire charges that S paid for the vehicle, together with interest at our usual rate.

With regard to the handling of the claim, I can only make an award that recognises the impact on the eligible complainant. In this instance, the eligible complainant is a limited company, rather than any individual. A limited company cannot suffer distress or frustration and so I can't make an award in this category. However, I can make an award for inconvenience. I consider that the sum of £150 proposed by the Investigator is appropriate for the inconvenience caused by this matter to S, to include having to chase for updates.

My final decision

I uphold this complaint against Great Lakes Insurance UK Limited and require it to pay S the following:

1. the last four weeks' worth of hire costs paid by S, for the vehicle that is the subject of this claim, on the production of suitable evidence of the cost, together with interest at 8% simple per annum from the date S paid the hire costs to the date of reimbursement.
2. £150 compensation for the inconvenience caused by its handling of the matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 4 August 2025.

Harriet McCarthy
Ombudsman