

The complaint

Mr O complains that One Insurance Limited delayed unreasonably in approving a claim he made on his motor insurance policy, causing him distress and inconvenience.

What happened

Mr O's car broke down on 24 October 2024 when he was driving and was taken to a garage. It said the radiator was damaged and had to be replaced. One Insurance said as there was no accident damage to the car externally, the internal damage couldn't have been caused by a 'hit and run' incident in Mr O's absence, as he had assumed, so it declined the claim.

Mr O made a complaint. On 24 January 2025, One Insurance approved the claim. It accepted it hadn't carried out a full investigation, as it hadn't sought images of the damage from the garage before making its initial decision. It paid Mr O for the car's total loss on 18 February 2025 and offered him £300 compensation for distress and inconvenience, plus £50 for the late reply to his complaint. Mr O said the compensation was insufficient.

One of our Investigators reviewed Mr O's complaint. He noted that it took three months for the claim to be accepted, and that total loss claims are usually resolved after a month or so. He noted that Mr O had to call for updates, and that it would have been inconvenient and upsetting for him to have the claim rejected and to be without transport. Mr O had asked for his annual premium to be refunded, but the Investigator said that wasn't appropriate, as One Insurance had paid out on the claim. He said Mr O wasn't entitled to a courtesy car, as his car wasn't repaired. But he said One Insurance should pay him a further £100 compensation, plus interest on the late settlement sum paid for the car.

One Insurance said more compensation wasn't justified. It pointed to other views /decisions we'd issued where the compensation was £300 or less for cases it thought were like this one. It said as the incident wasn't reported for five weeks after the incident, the damage could have been caused at the garage – or it could be the result of wear and tear, as the garage had commented on wear and tear issues elsewhere in the engine.

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.

As the radiator was damaged beyond repair (and it seems it had been pushed out of place) I can see why One Insurance thought obvious external damage to the car could normally have been expected. The file notes show that it accepted on 14 November 2024 that the grille had been pushed back. It said Mr O hadn't provided an explanation for that. I don't think it was reasonable to expect him to explain it, as he'd said he wasn't present when the damage was done.

Mr O says he didn't report the incident immediately as family issues intervened. I think that's a reasonable explanation. And there's nothing to suggest that the garage caused the damage in the interim. I don't think there's a reasonable basis for One Insurance to consider that the garage misreported wear and tear to the radiator as other damage. It identified areas of wear and tear elsewhere in the engine and set those out in its report. In my opinion, there's no reason to assume the report was inaccurate, but if One Insurance had any real concerns about that, it could have asked an independent engineer to assess the car.

One Insurance told Mr O on 10 January 2025 that it accepted it had no reasonable grounds to reject the claim initially, that the claim hadn't been fully assessed and that sufficient images hadn't been requested, leading to delays in the claims handling. It paid Mr O for his written off car on 18 February 2025, but I think he could have expected to be paid for it around a month after he made his claim. So I think it would be reasonable for One Insurance to pay interest on the settlement sum from 25 November 2024 to 18 February 2025.

I think it was reasonable for One Insurance to offer Mr O £50 for not sending him the final response to his complaint by email, which meant he got it just outside the relevant period. And it also acted reasonably in recognising that it should pay Mr O compensation for distress and inconvenience. But I don't think the £300 it offered him was sufficient. From November 2024 to January 2025, Mr O was worried about not having the claim accepted, which would have meant he'd lost his car without funds from his insurer to replace it. I think it would also have been distressing for him not to have a genuine claim accepted as such by One Insurance, due to its failure to investigate properly. He had to chase it for updates and check the portal frequently. And as there was no other car in the household, Mr O had to use public transport, which was less convenient than using a car and is likely to have cost him more.

I've looked at the views and decisions One Insurance referred to as comparators in terms of compensation, and in my opinion, each of the cases in question is quite different to this one. We judge each case on its individual facts and merits. I think £400 compensation for distress and inconvenience is entirely fair and reasonable in the circumstances of Mr O's case. That sum is in line with our guidelines of up to £750 for cases where a consumer has faced considerable upset and inconvenience over several weeks or months, as Mr O did.

My final decision

My final decision is that I uphold this complaint. I require One Insurance Limited to do the following:

- Pay Mr O £400 in total for distress and inconvenience (plus £50 for the late final response letter)
- Add interest to the settlement sum paid to Mr O, at the simple yearly rate of 8%, from 25 November 2024 to 18 February 2025

Should One Insurance think tax needs to be deducted from the interest, it should tell Mr O of the deduction that has been made, so he may reclaim it from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 8 September 2025.

Susan Ewins
Ombudsman