

The complaint

A limited company, which I will refer to as D, complains about the handling of its commercial motor insurance claim by Accredited Insurance (Europe) Ltd.

D is currently in liquidation. But the liquidator has consented to this complaint.

What happened

The following is intended only as a summary of the events leading to this point. Additionally, although other parties have been involved, for the sake of simplicity, I have just referred to D and Accredited.

D is a freight haulage company and held a motor fleet policy underwritten by Accredited. In September 2022, one of D's vehicles was involved in an accident and suffered damage. A claim was made, and Accredited collected the vehicle and made arrangements for it to be repaired. Parts were ordered in October 2022 to facilitate this, but there were seemingly extensive delays with receiving appropriate parts from the manufacturer. Ultimately, D's vehicle was not repaired until September 2024.

During the course of this process, Accredited's communications were not as clear as they ought to have been. Accredited has acknowledge this and has offered £2,000 compensation.

D complained about the claim process and how long it took for the vehicle to be repaired. However, Accredited said that this was due to the manufacturer delays and was not something they had control of.

D referred its complaint to the Financial Ombudsman Service. Our Investigator thought the compensation offered was appropriate in relation to the general customer service aspects. But thought Accredited needed to do more in respect of the time taken to complete the repairs. He thought that, by 1 March 2023, Accredited ought to have realised that it was not going to be able to provide a timely repair. And so ought to have taken other action, which might have been settling the claim as a total loss. As Accredited did not do this, D was left without a vehicle for an unreasonable length of time and was making lease payments on its vehicle. So, our Investigator recommended Accredited cover the cost of these lease payments.

Our Investigator also recommended Accredited make a partial refund of the policy that had renewed in February 2023 – as D would not have needed to cover its vehicle once it had been settled as a total loss. And he recommended that, subject to D providing evidence that it could exit the contract, Accredited should pay D the amount it paid on a repair and maintenance contract it had for the vehicle.

D has largely accepted the Investigator's findings. It is possible that D considers the consequences of Accredited's handling of the claim to be greater than the redress recommended by our Investigator. But no details have been provided of this.

Accredited did not accept the recommendation though. It said the policy excluded losses

caused by delays, and that it was Accredited's choice whether or not to settle the claim as a total loss. Accredited also pointed to a final decision on a different complaint considered by the Financial Ombudsman Service, where it had been found that the insurer had not needed to consider the vehicle a total loss even where there were repair delays. It also considered that the Investigator's recommendations were not compatible with the principle of indemnity.

As our Investigator was unable to resolve this complaint, it has been passed to me for a decision.

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 am upholding this complaint. I've explained why below.

Firstly, I will just reiterate that the above is merely a summary. Both parties have provided detailed submissions, including lengthy timelines. However, I have not commented on each of the points made within this decision. Instead, I have focused on what I consider to be the key issues. This is not intended as a discourtesy. But rather reflects the informal nature of the Financial Ombudsman.

Accredited has made much of the content of the policy and the clauses relating to the discretion it is allowed under these terms. However, as well as taking into account the policy, I also need to take into account the regulatory requirements that apply.

The Insurance: Conduct of Business Sourcebook (ICOBS) part of the FCA Handbook sets some of these out. These include ICOBS 8.1.1 R, which states:

“An insurer must:

(1) handle claims promptly and fairly...”

Clearly, taking two years to repair a commercial vehicle that was required for a policyholder's business is not handling a claim promptly. And did not, in this complaint, lead to a fair outcome for D.

When the claim was first reported, it was noted as being urgent. And this was passed onto Accredited's agents. So, Accredited ought to have known that waiting indefinitely for parts was not appropriate.

Some repairs do take longer than others. Insurers are, to an extent, reliant on the availability of parts and garages to complete these works. Where it is known that there will be some delay, and there is a clear timetable for this to be resolved, it might be appropriate for the insurer to carry on with the claim as normal.

However, where – as in this case – there was no timetable for the situation to resolve itself, I would expect an insurer to take other action. This action is in many cases likely to go beyond applying the benefits offered by the policy alone. In some cases, it might be that the insurer can provide the policyholder with a temporary replacement vehicle that will allow the policyholder to carry on their operations. In other cases, it might be appropriate for the insurer to treat the claim as a total loss.

Doing the latter will allow the policyholder to receive the market value of the vehicle (or pay off any outstanding finance), and then to acquire their own replacement to continue their

operations. The insurer will then be able to complete the repairs to the damaged vehicle, and sell the repaired vehicle to offset its loss.

This is what I consider ought to have happened in this case. I agree with our Investigator that it was appropriate that this happen at the start of March 2023. This is in itself some time after the start of the claim process. But, up to this point there was some progression and it was reasonable for Accredited to consider the repairs would soon be made. However, by this time, it ought to have been apparent that there was no clear timetable for these repairs to be completed. And Accredited had a responsibility at this point for taking other action.

I do appreciate that, during the course of the claim, Accredited did try to obtain parts from other sources. I consider this is good practice. But I do not consider doing so means Accredited had done all that it should have.

Accredited has referred to the principle of indemnity. However, its requirement under the policy is essentially to put D back in the position it would have been prior to the accident. This is having a working vehicle. And the regulatory rules mean this should happen promptly. Accredited can either do this by carrying out a timely repair, or by treating the claim as a total loss and allowing D to buy a replacement. That it didn't do this means it has had to pay for repairs and will also now be directed to pay compensation. But the latter is as a result of its failures and do not relate to the principle of indemnity.

Accelerant has also argued that a total loss claim would mean it would have to pay more than it otherwise would. But this does not take into account the fact it would be able to repair and sell the vehicle to recover (most of) its pre-damage market value. Whilst there may be a difference between the amount Accredited would ultimately have to pay, this would not be overly significant. And is a result of the circumstances of the claim.

I also note Accredited has pointed to a final decision on another complaint. As Accredited will be aware though, each complaint determined by the Financial Ombudsman Service is considered on its own individual merits. Whilst we aim to be consistent as far as is possible, the individual circumstances of complaints can lead to different outcomes. I could quite easily point to other final decisions that uphold complaints on a similar basis to my decision here. Ultimately though, my role is to consider the individual circumstances of D's complaint.

Taking all of these circumstances into account, I consider Accredited ought to have taken the decision to treat D's claim as a total loss at the start of March 2023.

D could reasonably expect Accredited to repair its vehicle in a timely manner. This did not happen, and D was left paying a lease for a vehicle it was not benefiting from. Had the claim been settled as a total loss in March 2023, the lease would likely have been settled at that point and D would not have had to meet ongoing payments. So, I consider it is fair and reasonable that Accredited cover this cost up until the point the repairs were completed.

Had Accredited done what it ought to have and treated the claim as a total loss in March 2023, D also would not have had to insure this vehicle from that point onwards. The claim was dealt with under the policy period that had expired by this point. So, Accredited should refund any premium that relates to it insuring this vehicle after this point.

D has said that it had a repair and maintenance contract for the vehicle. Similar to the above, if the claim had been settled in March 2023, this would not have been needed following this date. So, subject to D providing Accredited with evidence of this contract and the fact that it could be exited, Accredited should pay D the sum it otherwise would not have had to pay.

D has indicated that that it might have consequential losses that exceed this. But details of

this have not been provided. Nor has any information about what mitigation D took to avoid any further consequential loss. So, I am unable to direct Accredited to pay more than this.

I also note that there were lots of communication issues throughout the claim process. Accredited has acknowledged these, and even changed some of its processes to avoid them in the future. This response is good practice. And the offer of £2,000 compensation here is also fair and reasonable, based on the available evidence.

Putting things right

Accredited Insurance (Europe) Ltd should put things right by paying D:

- The sum payable on the vehicle lease from March 2023 to the point the vehicle was fully repaired,
- The proportion of any premium D had for a policy with Accredited that related to cover for the vehicle in question from March 2023 to the point the vehicle was fully repaired,
- The cost of any repair and maintenance contract for the vehicle from March 2023 to the point the vehicle was fully repaired – subject to D having been able to exit this contract, and
- £2,000 compensation for the claim handling.

The above is dependent on D providing Accredited with copies of the lease and repair and maintenance contract where relevant.

My final decision

My final decision is that I uphold this complaint. Accredited Insurance (Europe) Ltd should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 10 October 2025.

Sam Thomas
Ombudsman