

The complaint

Miss H complains about how U K Insurance Limited trading as Direct Line Car Insurance (UKI) handled a claim for damage to her adapted vehicle following an accident. UKI is the underwriter of this policy so any reference to UKI includes the actions of any third party instructed by UKI during Miss H's claim.

What happened

Miss H hired a vehicle through a mobility scheme and had the benefit of vehicle insurance underwritten by UKI. In November 2024, Miss H's adapted vehicle was involved in an incident and she made a claim against the policy.

UKI instructed one of its approved repairers to carry out the repairs on her vehicle. Miss H raised a complaint with UKI as she was unhappy with the length of time it was taking for her vehicle to be repaired. Miss H was also unhappy with the replacement vehicle UKI arranged. Miss H said the vehicle was too large and that she had to purchase a ladder to climb into it.

In its response to the complaint, UKI acknowledged there had been delays and poor communication during the claim. To apologise, it offered Miss H £500 compensation for the distress and inconvenience caused. This was in addition to the £50 compensation its repairer had offered to Miss H, bringing the total compensation offer to £550. UKI also offered a further payment of £75 to reimburse Miss H for having to purchase a ladder and additional fuel costs.

Unhappy with UKI's response, Miss H brought her complaint to the Financial Ombudsman Service. Our Investigator thought UKI's offer to resolve the complaint was enough to put things right. Miss H didn't agree and thought UKI should increase its compensation offer. Miss H said she was left without a functional vehicle for six months during which she felt isolated, vulnerable, unable to attend medical appointments, shop for essentials, or maintain social connections.

Miss H also said the replacement vehicle caused her pain and provided letters from her doctors in support of this. Miss H said she felt discriminated against on the basis of her disability and that her mental health worsened during the claim. Miss H asked that an Ombudsman consider her complaint, so it was passed 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 aware I've set out the background to this complaint in less detail than the parties have presented it. I'm not going to respond to every single point raised. Instead, I've focused on what I find are the key issues here. I assure both parties, however, that I've read and considered everything they've provided.

Delays on the claim

The relevant rules and industry guidelines say UKI has a responsibility to handle claims promptly and fairly and provide appropriate information on their progress. So, I've considered the relevant rules, the policy terms and the available evidence, to decide whether I think UKI treated Miss H fairly.

It's not disputed that UKI could've handled Miss H's claim better. UKI has offered a total of £550 to apologise for the delays and lack of updates. The dispute now relates to what amount of compensation UKI needs to pay in recognition of its poor service, and the impact on Miss H. So, I've focused my decision on this part of Miss H's complaint.

Firstly, I can see that Miss H started experiencing issues with her vehicle prior to her making a claim with UKI in November 2024. I've considered UKI's claim handling from when Miss H first notified UKI about her claim to the date Miss H's vehicle was returned to her in April 2025, which is a period of about five months.

Miss H's vehicle was with UKI's repairer from 20 November 2024 and parts were ordered the next day. On 30 November 2024 the repairer confirmed they had fitted a new tailgate to the vehicle but due to the adaptations they may need other parts. Despite identifying the vehicle needed specialist adaptations, UKI's repairer did not arrange for the vehicle to go to an adaptation specialist until 6 February 2025. This amounts to poor claim handling. I'm satisfied that UKI caused an avoidable delay of around two months here. And I can see that Miss H had to make repeated contact with UKI to progress the claim.

In its final response, UKI said that due to the weight and size of the vehicle its repairer had to arrange for a specialist company to uplift the vehicle and this caused further delays. But I note that most of the delays occurred due to UKI's repairer wanting to carry out the repairs despite it not being an adaptation specialist. Given the length of delay I think UKI should've determined sooner that Miss H's vehicle would be best referred to an adaptation specialist for repairs. I've also noted further delays once the vehicle was with the specialist company, as the repairs didn't start until 12 February 2025.

Given the length of time Miss H was without her vehicle, I think UKI could've contacted Miss H more frequently than it did to discuss the experience she was having, and to reassure her about the status of her claim. These failings have all led to undue distress and inconvenience being caused to Miss H.

Having considered our award bands alongside the impact on Miss H, I think the £550 already offered recognises the avoidable delays, lack of updates and the impact on Miss H whilst waiting for her vehicle to be repaired and returned. I appreciate Miss H feels this doesn't sufficiently compensate her for the distress and inconvenience she has experienced.

I don't doubt the impact this claim has had on Miss H. However, I'm mindful that insurance claims like Miss H's can often involve a level of stress and inconvenience even when settled in line with the way we'd expect. All things considered, I'm persuaded £550 compensation is reasonable, and in line with what we would direct in the circumstances.

This amount recognises what went wrong with the handling of Miss H's claim. But also that Miss H did have the benefit of a replacement vehicle for the duration of her claim. So, the impact of the delays was lessened by Miss H still having access to a vehicle for the period that UKI failed to progress her claim as it should've. All things considered, I'll be asking UKI to pay Miss H the £550 compensation it has already offered her.

The replacement vehicle

Miss H has said the replacement vehicle UKI provided wasn't suitable. And that she felt discriminated against on the basis of her disability. I've seen the letters from Miss H's GP and Physiotherapist stating she was experiencing increased physical pain and stress due to the replacement vehicle being unsuitable for her needs. I'm sorry to hear about the difficulties Miss H has had with her health.

It's not our Service's role to determine whether an insurer has acted unlawfully or not (and that includes breaching the Equality Act 2010). That's a matter for the Courts. I've taken the Act into account, but ultimately, my decision is based on what's fair and reasonable in the circumstances of this complaint.

The starting point when deciding whether UKI has acted reasonably is the contract between Miss H and UKI. So, I've looked at the policy documents to see whether UKI applied its terms fairly and reasonably in this case. The policy schedule provides that Miss H has 'Alternative Vehicle' cover and the policy wording states the following:

"Replacement travel: While repairs are being carried out, we'll do our best to keep you mobile with a replacement vehicle or another suitable option".

So, under the insurance policy, Miss H was entitled to an alternative vehicle in temporary replacement of the Scheme vehicle to provide continuous mobility under the Scheme. It is unfortunate the alternative vehicle provided didn't meet Miss H's needs. But I can see from UKI's notes that this was due to there not being any other vehicles which would suit Miss H's specific needs.

I'm satisfied that when UKI was alerted about the difficulties Miss H was having with the replacement vehicle, it offered Miss H alternative assistance with pre-paid taxis. UKI also offered to cover the cost of the ladder Miss H purchased to climb into the vehicle - recognising she'd been put into this position because of the difficulties in providing a more suitable replacement vehicle. Miss H didn't accept either of these offers. But I think UKI acted fairly and reasonably by offering these options to her. So, I'll be asking UKI to pay Miss H the £75 it's already offered for the ladder and additional fuel costs as part of my direction for putting things right.

Putting things right

As UKI has already agreed to do in its final response letter (and if it hasn't already done so), I direct UKI to pay Miss H compensation in the sum of £550 for distress and inconvenience and £75 to cover the cost of the ladder and additional fuel.

My final decision

U K Insurance Limited trading as Direct Line Car Insurance has already made an offer to settle the complaint, as set out above. I think that's fair in all the circumstances. My final decision is that U K Insurance Limited trading as Direct Line Car Insurance should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 2 January 2025.

Linda Tare
Ombudsman