

The complaint

Mrs R complains about how Covea Insurance plc handled a claim made on her motor insurance policy and about the settlement it proposed. She wants an increased settlement and compensation for the delays.

What happened

Mrs R was involved in an accident with another driver, and her claim was handled by an accident management company (AMC). After 15 months, Mrs R made a claim to Covea. She was unhappy with the delays in the claim, that she had to contact various agencies, with delays in obtaining an engineer's report, and with the settlement Covea offered for the total loss of her car.

Our Investigator recommended that the complaint should be upheld in part. She thought Covea wasn't responsible for the claim handling before Mrs R notified it of her claim. She thought Covea had obtained an engineer's report within 20 days of the notification. She thought its settlement offer for the car's market value and its salvage deduction was fair and reasonable.

But she thought it should have paid Mrs R an interim settlement even though she disputed the amount. She thought Covea should now pay this settlement with interest. And she thought we couldn't consider an earlier complaint Mrs R had made to Covea as it had come to us too late.

Covea agreed to accept the recommendation. But Mrs R thought Covea's settlement offer was too low as it was less than the AMC had offered her. She said she didn't know she was using an AMC. As Mrs R didn't agree, the complaint has come to me for a final 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.

I can understand that Mrs R feels frustrated by the time it's taking to settle her claim. But I can't reasonably hold Covea responsible for any delays before Mrs R notified it of the incident and asked it to take over the claim. Mrs R said she thought her insurer had been dealing with her claim all along and she wasn't aware it was being handled by an AMC. But she would need to raise this concern with the business that referred her to the AMC as I'm satisfied this wasn't Covea.

Mrs R also wants us to consider another complaint that she made to Covea after a previous claim. I can understand that Mrs R feels very strongly that we should consider her complaint. But our rules say we can't look into all the complaints that are referred to us. The rules around complaints our service can and can't consider are set out in the Dispute Resolution (DISP) part of the Financial Conduct Authority's handbook (the FCA handbook). DISP2.8.2 says:

"The Ombudsman cannot consider a complaint if the complainant refers it to the Financial Ombudsman Service... (1) more than six months after the date on which the respondent sent the complainant its final response, redress determination or summary resolution

communication... Unless in the view of the Ombudsman the failure to comply with the time limits... was as a result of exceptional circumstances."

In this case the final response letter from Covea was sent on 11 May 2022. The response explained that Mrs R would need to refer her complaint to the Financial Ombudsman Service within six months of the date of that letter.

Mrs R didn't refer her complaint to the Financial Ombudsman Service until May 2025. That's clearly more than six months after the final response letter was sent. So I'm satisfied that the complaint was therefore referred out of time.

Covea made clear in its letter that if the complaint was referred late it wouldn't agree to the Financial Ombudsman Service considering it.

That means the Financial Ombudsman Service can only consider the complaint if exceptional circumstances meant it wasn't referred in time. Exceptional circumstances aren't defined in our rules, but we'd normally expect it to be something that prevented someone referring the complaint in time (the rules give as an example where a complainant has been or is incapacitated).

I've thought carefully about the reasons why Mrs R says the complaint was brought late. She explained that she thought Covea was going to further review the complaint. But I haven't seen that Covea issued a further response or gave her new referral rights. And I think its letter is quite clear, and Mrs R could have brought her complaint to us through a call or an online form in this time.

I've not been provided with evidence of any other exceptional circumstances that would allow me to disregard the time limits in this case. Which means that I think this complaint is out of time and can't be considered by the Financial Ombudsman Service.

So I've looked at the claim journey from the point where Covea took over Mrs R's later claim. Covea is required by the relevant regulations to handle claims promptly and efficiently. And I can't see that it caused any avoidable delays in the claim handling. I'll now explain why I think this.

I can see that when Covea was notified of the claim, it tried to contact Mrs R to obtain a report on what had happened. From what I can understand, Mrs R was abroad at the time. And so the report wasn't provided until two months later. Covea had tried different means to contact Mrs R. So I can't hold it responsible for this delay. And Covea obtained an engineer's report within 20 days of the report and photos being provided. And I think that was timely and so fair and reasonable.

Mrs R was also unhappy with Covea's settlement offer for the total loss of her car. Mrs R's policy provides for the car's market value in the case of its total loss. I can see that this is defined on page 11 of the policy booklet as:

"The cost of replacing your car with one of the same make, model, specification, year, mileage and condition. To help us to decide the market value of your car, we will refer to insurance industry recognised guides as well as searching for available vehicles being offered for sale to the public."

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations. I don't think the settlement offer made by the AMC is relevant as I can't see that it was based on our approach.

Our Investigator thought Covea's settlement offer was fair and reasonable. So I've checked how she came to this conclusion. She saw that Covea had looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Mrs R's car at the date of its loss. It found three valuations and it then took an average of these arriving at £4,683.

One of Covea's letters contained an error where it mis-stated this amount. But the correct amount was also stated further in the letter and Covea has apologised for this error. I can't see that this caused Mrs R any loss. And so I think that's sufficient in the circumstances.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification. So we now expect insurers to pay the highest of the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

Covea provided adverts for similar cars advertised at lower prices. And I have considered these and looked to see where the advertised cars are identical to Mrs R's. And I think two of these were close enough to Mrs R's car to be persuasive. I think this evidence shows that Mrs R could replace her car for the amount offered. And so I'm persuaded that Covea's offer was fair and reasonable as it was made in keeping with our approach and the policy's terms and conditions. I don't require it to increase this.

Covea then reduced its settlement by an amount of the car's valuation as the car had been a previous total loss. I think this is in keeping with standard industry practice as a previous total loss would make the car less attractive to potential buyers. This deduction was less than 10% of the valuation and in keeping with Covea's deduction rates. So I think that was fair and reasonable.

Covea then deducted the £150 policy excess, which is always the first part of a claim to be paid. And it offered Mrs R the car's salvage at a cost of £1,183.41, which was 27% of the car's value. Covea has shown that this is in keeping with what it could obtain for the salvage. And so I think that's fair and reasonable.

Covea didn't then make Mrs R an interim settlement whilst she disputed the valuation, which it should have done to prevent any inconvenience. It's now agreed to pay interest on the settlement until the date of payment. And from what I can understand, it's already paid Mrs R an amount. I can't see whether this is the full settlement or with the deduction for salvage as Mrs R has stated that she wants to retain her car. Mrs R has asked for Covea to reclaim this money. But I think she should retain it as I don't require Covea to increase this further.

Putting things right

I require Covea Insurance plc to add interest to Mrs R's settlement at the rate of 8% simple per annum from the date of its settlement offer to the date of payment, as it's already agreed to do.

If Covea considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs R how much it's taken off. It should also give Mrs R a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require Covea Insurance plc to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 7 November 2025.

Phillip Berechree
Ombudsman