

### **The complaint**

Mr D complains that KGM Underwriting Services Limited (“KGM”) mishandled his claim on a motor insurance policy.

### **What happened**

The subject matter of the insurance, the claim and the complaint is a van, made by a European vehicle manufacturer and first registered in 2007.

For the year from mid-February 2023, Mr D had the vehicle insured through a broker. The insurer was KGM.

Much of the complaint is about acts, omission and communications by a glass company, claims-handlers and others on behalf of KGM. Insofar as I hold it responsible for them, I may refer to them as acts, omission and communications of KGM.

On 22 August 2023, Mr D contacted the broker and a glass company to make a claim for damage to a side window of the vehicle.

On 4 September 2023, the glass company collected Mr D's payment of the excess of £125.00.

By 19 October 2023, Mr D had expressed concern about rain and the glass company offered to store the van indoors until the glass arrived.

By 8 November 2023, the glass company told Mr D that the glass would not arrive until late January 2024. Mr D complained and asked for a refund of the excess.

By January 2024, the glass company told Mr D the glass would not arrive until April 2024. In late April and early May 2024, the glass company told Mr D it still hadn't received the glass.

On 17 May 2024, the glass company told Mr D it was unable to get the glass and referred him to KGM.

By an email dated 21 May 2024, the glass company confirmed to Mr D that it was unable to get the glass.

On 22 May 2024, the glass company refunded the £125.00 excess and cancelled the job. By early October 2024, Mr D had complained to KGM.

On 11 October 2024, KGM told Mr D it hadn't been aware of his claim and asked him for information about it.

KGM instructed claims-handlers. By an email dated 10 November 2024, the claims-handlers asked Mr D for certain information.

By a response dated 6 December 2024, KGM said that it hadn't been able to complete its investigation, but Mr D could bring his complaint to us.

Mr D brought his complaint to us in May 2025. He asked us to direct KGM to repair his vehicle, refund the insurance premiums he'd paid while it was unusable, compensate him for financial losses, and apologise for the poor service and excessive delays.

Our investigator recommended that the complaint should be upheld in part. She didn't think that KGM had acted fairly. She recommended that KGM should:

*“...contact Mr [D] to arrange a physical inspection of the vehicle to get the issue rectified.*

*Mr [D] needs to ensure he cooperates with [KGM], so they can take steps to resolve the repair. [KGM] can then either replace the glass or if they are unable to do this, they should cash settle, and Mr [D] needs to provide an invoice with a breakdown of the cost he's incurred. Considering the length of time of the claim and the lack of communication between the insurance parties involved, above I believe [KGM] should also pay Mr [D] £400 for the distress and inconvenience caused.”*

KGM agreed with the investigator's opinion.

Mr D disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- Between February 2022 and February 2023, he was personally converting the vehicle into a campervan. This limited its use to short journeys. He intended to occasionally rent it out during the season to offset maintenance costs.
- The side window was completely shattered.
- According to Driver and Vehicle Standards Agency guidance, serious damage to vehicle glass – particularly side windows – renders a vehicle unroadworthy.
- He temporarily secured the opening.
- Between February 2023 and March 2024, he drove only 412 miles – solely while attempting to find a workshop willing to replace the window.
- The insurer didn't settle the claim within a reasonable time.
- Due to the insurer's delay and lack of action, he lost not only the ability to use the vehicle but also the opportunity to complete the conversion and begin generating potential income.
- He incurred costs of £1,600.00 to adapt another vehicle.
- He incurred parking fees of £616.00 per year.
- He incurred insurance premiums of £507.84 + £497.45 + £430.98.
- The vehicle lost value of £4,200.00 due to prolonged exposure to the elements.
- He didn't fail to respond to enquiries. Even if one message went unanswered, this cannot justify over a year of total inaction from the insurer's side.
- The compensation proposed by KGM does not adequately reflect his losses due to the prolonged inaction of the insurer and serious mishandling of his claim.

## **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've taken into account the relevant law, regulation and good practice. Above all I have to decide what's fair and reasonable.

From its MOT history, I see that in the year from February 2022 to February 2023, the vehicle recorded less than 500 miles.

When Mr D insured it for the year from February 2023, the maximum mileage was 3,000. The policy didn't cover hiring the vehicle out.

From what Mr D has said, he hadn't finished fitting out the vehicle before the claim in August 2023.

I find KGM responsible for the handling of the claim through the glass company. I don't accept that it failed to keep Mr D updated. However I've seen that by May 2024 it had failed to source replacement glass.

Overall I accept that KGM was responsible for falling below reasonable standards of care, diligence and support in dealing with Mr D's claim.

From what Mr D has said, he did a temporary repair to the vehicle but didn't finish fitting it out. Instead he fitted out a different vehicle. So I don't find it fair to say that KGM was responsible for his loss of use of the vehicle or for loss of rental income, or for the cost of fitting out the other vehicle.

Mr D didn't take advantage of the glass company's offer to store the vehicle inside its premises. So I don't find it fair to say that KGM was responsible for Mr D's costs of parking or for depreciation of the vehicle due to exposure to the elements.

There's not enough evidence that between May and October 2024, Mr D pursued his claim or complaint.

Also, there's not enough evidence that between November 2024 and April 2025, Mr D pursued his claim or complaint.

Notwithstanding the issues with his claim, Mr D had the benefit of insurance including against risks such as theft and fire. So I don't find it fair and reasonable to direct KGM to refund or reimburse any part of the premiums for the three years from February 2023.

Overall I'm not persuaded that it would be fair and reasonable to direct KGM to pay Mr D compensation for any financial loss.

Nevertheless, I accept that, by falling below reasonable standards in dealing with Mr D's claim, KGM was responsible for causing him disappointment, frustration, distress and inconvenience. That included feeling that he was being passed around and feeling that he had to waste time chasing for progress.

## **Putting things right**

I've thought about what it's fair and reasonable to direct KGM to do to try to put things right at this late stage.

I consider that, provided that Mr D makes the vehicle available for inspection and otherwise cooperates with KGM, KGM should settle his claim in line with the policy terms.

Insofar as that results in a monetary payment to Mr D, KGM should add interest at our usual rate.

In addition, I consider that, keeping in mind the nature and duration of the impact on Mr D of the failings I've found, £400.00 is fair and reasonable and in line with our published guidelines for compensation for distress and inconvenience.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct KGM Underwriting Services Limited to:

1. provided that Mr D makes the vehicle available for inspection and otherwise cooperates with it, settle his claim in line with the policy terms; and
2. pay simple interest on any monetary payment to Mr D in settlement of his claim at a yearly rate of 8% from the date of his claim to the date of payment. If KGM considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr D how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and
3. pay Mr D £400.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 17 December 2025.

Christopher Gilbert

**Ombudsman**