

The complaint

Mr M complains about the way First Central Underwriting Limited (First Central) handled a claim he made on his motor insurance policy for repairs needed to his car.

What happened

In October 2024 Mr M's car was damaged in an accident, so he made a claim on his insurance policy. First Central appointed one of its approved repairers to carry out repairs and told Mr M the repairs would be completed within a month. In December 2024, First Central informed Mr M the repairs would take longer due to some car parts being on back order until March 2025. It said this was due to a global shortage of parts outside of its control.

Mr M complained about the time taken to complete repairs as well as being left without a replacement car during this time. In its final response dated 28 April 2025, First Central accepted it didn't provide Mr M with a replacement car when he requested it. To compensate Mr M for this loss of use during a period of 60 days, First Central offered him £600 compensation, calculated as £10 per day.

On 29 April 2025, First Central offered Mr M a further £200 compensation for the distress and inconvenience caused by the delayed repair. Unsatisfied with First Central's response, Mr M referred his complaint to our Service for an independent and impartial review. He said the compensation awarded by First Central was inadequate as it didn't cover the insurance premiums and the car finance payments he continued to make whilst his car was being repaired.

Mr M said being without his car for nearly six months resulted in him missing job interviews and university exams and that this affected his professional development. Mr M also said this caused him significant emotional distress and anxiety. Our Investigator looked into this matter. She thought First Central had done enough to put things right. Mr M disagreed with the Investigator's view and asked that an Ombudsman consider the complaint, so this has come 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.

The scope of my decision

Mr M has said the repair issues have continued beyond First Central's final response and its additional compensation offer on 29 April 2025. As previously mentioned by our Investigator,

First Central has to be given the opportunity to resolve issues first before we can consider them. If Mr M is unhappy with the repair issues he experienced after 29 April 2025, he'll need to refer these to First Central directly. If Mr M remains unhappy after that, he can refer these issues back to this Service. In this decision, I'll only be looking at issues up until 29 April 2025 and won't comment on what's happened after this date.

First Central's claim handling

The relevant rules and industry guidelines say First Central 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 First Central treated Mr M fairly and reasonably.

The first thing I've looked at is the length of time it took to repair Mr M's car. I can see the accident occurred on 11 October 2024 and the car was with First Central's approved repairer on 17 October 2024. On 5 December 2024, Mr M was told the parts were on back order until March 2025, so the car wasn't returned to Mr M until 31 March 2025. It's clear the repairs took much longer than Mr M was initially told. I accept that being without his car for about six months would have caused Mr M some undoubtedly inconvenience. But I have to consider whether First Central could have avoided this delay.

Having reviewed First Central's claim notes, I can see its repairer didn't order the parts until about a month after First Central authorised the repairs. So, I think First Central did cause a delay in the claim here of around one month. After that, I'm satisfied the delay was down to availability of parts. First Central doesn't have control over global supply chain issues impacting the motor industry. It's regrettable the repairer didn't order the parts sooner. But I'm mindful that the parts ordered weren't available until March 2025. So, on balance, I don't think this initial delay had a material impact on the length of time it took to repair Mr M's car.

On 31 March 2025 the car was repaired but when Mr M collected it, he noticed the alloy damage hadn't been repaired and the boot was misaligned. So, the car went back for further repairs on 29 April 2025 and the repairs were completed on 1 May 2025. As the further repairs were completed after 29 April 2025, I won't be able to comment on these. However, I've taken into account that when the car was returned to Mr M on 31 March 2025, he was inevitably distressed to see not all repairs had been completed. And Mr M was further inconvenienced by having to take the car back on 29 April 2025.

First Central offered Mr M £200 compensation for the distress and inconvenience caused. Mr M rejected this offer as he feels it doesn't sufficiently compensate him for what's happened. Mr M raised issues about significant disruption to his personal and professional life including missing job interviews and university exams as he says he couldn't use his car.

I don't doubt the impact this claim has had on Mr M or his testimony that he missed job interviews and exams. But insurance claims like Mr M's can often involve a level of stress and inconvenience even when settled in line with the way we would expect. And I would expect a consumer to mitigate their position. Mr M hasn't explained what steps, if any, he took to try and make sure he didn't miss job interviews and exams here.

I do, however, accept that Mr M was inconvenienced by not having a replacement car when he requested it on 5 December 2024 until he was provided with one on 3 February 2025. First Central offered Mr M £600 for loss of use for this period. As loss of use is a separate part of compensation for putting things right, I'll discuss whether I think this is fair later on in this decision. In this part of the decision, I've considered the distress and inconvenience Mr M experienced as a result of not having a replacement car for the above time period.

Having considered our awards bands alongside what has happened and the impact on Mr M, I think the £200 compensation already offered is reasonable, and in line with what our Service would direct in the circumstances. This amount takes into consideration the inconvenience of Mr M not having a replacement car for the time period he requested it and the impact on him whilst waiting for his car to be repaired and returned.

Insurance premiums and car finance payments

Mr M is unhappy he had to continue paying his insurance premiums and making payments under the finance agreement through which the car was purchased. But these are payments Mr M would've needed to make regardless of whether his car was undergoing repairs under an insurance claim.

With regards to the insurance premium, it's a condition of the policy wording that Mr M pays the premium. And while an insurance premium can be paid yearly, or monthly, as soon as a claim is made on the policy, the entire premium is due and no refund will be provided. As he did make a claim, Mr M would always have needed to pay his entire policy premium.

On Mr M having to continue to make finance payments, this is an arrangement between him and the finance company with whom he entered the agreement to purchase the car. Mr M would have had to make these payments had the car not been involved in the accident. First Central isn't a party to this arrangement nor to Mr M's decision to finance the purchase of his car through a finance agreement. So, it wouldn't be fair or reasonable to ask First Central to cover these payments.

Loss of use

Mr M has said that under his policy, First Central should've provided him with a replacement car. And that he should be compensated for not being provided with one from the date of the accident in October 2024. I've looked at the policy terms and Mr M is right in that his policy provides for a replacement car for the duration of repairs. But I wouldn't expect First Central, or any insurer to provide a replacement car where one wasn't needed. I say this because Mr M told First Central on two occasions on 12 October 2024 and 14 October 2024 that he didn't need a replacement car.

Mr M didn't ask about a replacement car until 5 December 2024 which is when he was told his car wouldn't be repaired until the parts arrived in March 2025. So, I can only consider Mr M's loss of use from the date he requested a replacement car on 5 December 2024 until he was provided with one on 3 February 2025.

First Central accept Mr M should have been provided with a replacement car sooner than he was. To put this right, it offered a loss of use payment of £600 which was calculated as £10 per day for the 60 days he didn't have a replacement car. Mr M thinks this is insufficient. So, I asked for any evidence of expenses Mr M incurred over and above what he'd have incurred with the normal use of his car during this period of time and nothing was provided. Instead, Mr M reiterated he should be compensated for the insurance premiums and car finance agreement payments for which I've explained above that First Central isn't responsible for. As I've not been provided with anything to show Mr M incurred expenses that matched or exceeded the £600 offered, I don't think First Central's offer is unfair or unreasonable in the circumstances. So, I'll be asking it to pay Mr M the £600 compensation for loss of use it has already offered him.

Putting things right

First Central is directed to:

1. Pay Mr M £200 compensation for distress and inconvenience; and
2. Pay Mr M £600 compensation for loss of use.

My final decision

First Central Underwriting Limited 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 First Central Underwriting Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 December 2025.

Linda Tare
Ombudsman