

The complaint

Mrs M complains about how Tesco Underwriting Limited (Tesco) handled a claim under her motor insurance policy for damage to her car in an accident. Any reference to Tesco in this decision includes its agents.

What happened

In December 2024 Mrs M was involved in a non-fault accident and the third party was deemed to be liable. Mrs M's car was damaged in the accident, so she made a claim on her insurance policy. Tesco appointed its approved repairers to carry out repairs and Mrs M was given a car hire through an Accident Management Company (AMC) to remain mobile during the repairs.

In March 2025 Mrs M raised a complaint with Tesco as she was unhappy with the length of time it was taking for her car to be repaired and the poor communication she experienced. Mrs M was also unhappy she was advised her car would be ready for collection only to be told upon her arrival at the repairer that it wasn't driveable as the battery was low. This resulted in Mrs M having to take a taxi to collect her daughter which cost her £43.

Tesco's repairer said there was an issue with the turbo sensor which they didn't think was accident related so they didn't repair it. They told Mrs M that she would incur storage fees if she didn't collect her car. Eventually, Tesco arranged for Mrs M's car to be sent to a main dealership which would carry out a full diagnostic check to identify any potential cause for the turbo sensor issue.

In its response to the complaint dated 19 May 2025, Tesco acknowledged there had been delays and poor communication during the claim. To apologise, it offered Mrs M £250 compensation for the distress and inconvenience caused. This was inclusive of the £43 taxi fare Mrs M asked to be reimbursed for. With respect to the repairs, Tesco said it would cover the cost of additional repairs carried out by the main dealership, which were considered accident related.

Unhappy with Tesco's response, Mrs M brought her complaint to the Financial Ombudsman Service. Our Investigator thought Tesco's offer to resolve the complaint was enough to put things right. Mrs 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.

Firstly, I think it'd be helpful to explain that our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

Mrs M has said Tesco's repairer's failure to run diagnostics when they collected the car made it impossible for the main dealership to identify the full extent of the damage caused by the accident versus the deterioration that happened during the period it was with them. But these concerns weren't part of Mrs M's original complaint to Tesco in March 2025, so I can't address them here. Mrs M has also said the main dealership has now said her car is uneconomical to repair. But as previously mentioned by our Investigator, Tesco has to be given the opportunity to address issues first before we can consider them. So, Mrs M will need to refer these to Tesco directly. If she remains unhappy after that, she can refer these issues back to this Service. In this decision, I will be considering matters complained of up until Tesco's final response of 19 May 2025.

Handling of the claim

The relevant rules and industry guidelines say Tesco has a responsibility to handle claims promptly, 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 Tesco treated Mrs M fairly and reasonably.

It's not disputed that Tesco could've handled Mrs M's claim better. Tesco has offered £250 compensation to apologise for the delays and lack of updates. Tesco also made cash in lieu of payments to the main dealership for the additional repairs they carried out to Mrs M's car. The dispute now relates to what amount of compensation Tesco needs to pay in recognition of its poor service, and the impact on Mrs M. So, I've focused my decision on this part of Mrs M's complaint.

Having reviewed Tesco's claim notes, I can see its repairer didn't provide a repair estimate until 8 January 2025, despite the accident being reported on 17 December 2024 which is a delay of about three weeks. I can also see that Tesco authorised the repairs the next day but Mrs M's car wasn't collected by its repairer until 10 February 2025, so a month after. And I can appreciate Mrs M's upset and frustration when she turned up to collect her car only to be told that it wasn't driveable.

Having considered our award bands alongside the impact on Mrs M, I think the £250 already offered recognises the avoidable delays, lack of updates and the impact on Mrs M whilst waiting for her car to be repaired and returned. I appreciate Mrs M 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 Mrs M. However, I'm mindful that insurance claims like Mrs M'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 think the £250 compensation is reasonable, and in line with what I'd direct in the circumstances. This amount recognises what went wrong with the handling of Mrs M's claim. But also that Mrs M did have the benefit of a hire car for the duration of her claim. So, the impact of the delays was lessened by Mrs M still having access to a car for the period that Tesco failed to progress her claim as it should've. So, I won't be asking Tesco to do anything more than pay the compensation it has already offered.

My final decision

Tesco Underwriting Limited has already made an offer to pay Mrs M £250 compensation. I find this offer to be fair in all the circumstances. So, my final decision is that Tesco

Underwriting Limited should pay £250 compensation to Mrs M for distress and inconvenience, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 February 2026.

Linda Tare
Ombudsman