

The complaint

Mr S has complained about the settlement of a motor insurance claim by Tesco Underwriting Limited.

References to Tesco include its authorised agents.

What happened

The background to this complaint is well known to the parties and it serves no purpose for me to repeat the details in full here. In summary when Mr S' car was reversed into by a third party, Tesco accepted a claim and offered a cash settlement. Mr S complained the settlement wasn't sufficient for him to have the damage repaired. He felt this would cost around £2000. The settlement was £715.44 as the repairer advised there was pre-existing damage. Tesco issued a final response, quoting the policy term which allowed it to settle on a cash basis.

Mr S remained unhappy and referred his complaint here.

Our investigator recommended that it be upheld. They weren't persuaded from the claim notes that the repairer had supported its report that there was pre-accident damage. They recommended that Tesco appoint an independent engineer to determine the extent of the incident related damage and draw up a more accurate scope of works. They also recommended that Tesco reimburse the cost of replacing a headlight adding interest and pay £200 compensation for the inconvenience caused.

Tesco didn't accept this outcome. It believed that the images sent showed that there had been poor repairs previously. Our investigator explained that they didn't consider the evidence showed the cracked headlight wasn't incident related and that the repairer's notes were vague and only referred to the bumper.

Tesco said that it was obtaining further information and requested a time extension to do so. This was granted, but no further information was submitted by the deadline given. As no agreement has been reached the matter has been passed to me to determine.

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'd like to reassure the parties that whilst I've summarised the background to this complaint, I've carefully considered all the submissions the parties have made. In this decision though I've focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've considered, amongst other things, the contract terms, regulatory rules and the available evidence to decide whether I think

Tesco treated Mr S fairly. Having done so, uphold this complaint for the same reasons as the investigator. I will explain why.

- Firstly I accept that under the policy's general conditions Tesco can choose whether to repair the car or pay a cash amount equal to the cost of the loss or damage. The issue here is whether the amount paid does represent Mr S' loss.
- The relevant evidence comes in the main from the repairer, but I find it to be less than persuasive. The repairer concluded that there was some pre-existing damage and evidence of poor repairs previously carried out. A cash in lieu of repairs payment had been offered initially without information as to why. The repairer subsequently told Tesco that there was "previous damage and poor repairs on the bumper". But I don't find that the evidence in the repairer's report supports that position.
- Tesco was going to send further evidence – but it didn't do so. Mr S has said he hasn't had any accidents in the car and didn't think the previous owner had either. It isn't in dispute that a third party reversed into Mr S' car and caused damage. There is dash cam footage of the incident. But there is nothing presently to persuade me that there was previous damage and or poor repairs to this area of the car. So I'm satisfied it would be fair for Tesco to appoint an independent engineer to determine the extent of the incident related damage and draw up an accurate scope of the related works.
- Mr S needed to repair the headlight which was cracked and was steaming up where moisture was being let in. This was on the driver's side – the side of impact. I agree it seems more likely than not that this damage was caused due to the incident claimed for and find that Tesco should now reimburse Mr S the cost, with interest.
- Mr S has made a legitimate claim and I don't find that Tesco dealt with it promptly or fairly. I find that he has been caused inconvenience by his claim not being settled in full or without a proper evidential basis for paying a reduced sum. I find that compensation is merited and that £200 is fair in the circumstances.

My final decision

My final decision is that uphold this complaint. I require Tesco Underwriting Limited to:

- Appoint an independent engineer to determine the extent of the incident related damage and draw up an accurate scope of works.
- Reimburse Mr S the cost incurred to replace the headlight, adding simple interest at 8% per annum from payment until settlement.
- Pay Mr S £200 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 January 2026.

Lindsey Woloski
Ombudsman