

The complaint

Mr and Mrs E have complained about the way UK Insurance Limited (“UKI”) dealt with the claim they made after Mrs E was involved in a road traffic accident.

What happened

At the end of 2024, Mrs E was involved in an accident. So she contacted UKI to make a claim.

UKI decided it wouldn’t be economical to repair the car. So they told Mr and Mrs E that they’d deal with it as a total loss and settle the claim by making a cash payment for the value of the car.

Mr and Mrs E weren’t happy, so they complained to UKI about their decision, the valuation of the car and how that was calculated, as well as a number of other concerns about how UKI had handled the claim, including not taking into account Mrs E’s disability and making adjustments.

UKI considered Mr and Mrs E’s complaints and accepted they could have dealt better with some of the issues they raised. They acknowledged it had taken hours to collect the car after the accident and Mrs E had difficulty logging her claim. They also accepted that they delayed in obtaining and reviewing CCTV footage and that they’d not offered Mr and Mrs E the option to retain the vehicle salvage. And they said they’d delayed in refunding the policy excess and had wrongly told Mrs E she’d receive a refund on her policy.

UKI offered a total of £500 for these failures. But they didn’t accept they’d undervalued the car or that they’d not dealt fairly with the arrangements for a hire car.

Mr and Mrs E didn’t think UKI’s offer resolved their complaint and brought it to our service. When they were notified of this, UKI reviewed the complaint and offered to pay Mr and Mrs E a sum equivalent to the highest valuation for the car – meaning Mr and Mrs E would receive £2,846, rather than the £2,530 previously offered. And they said they’d pay 8% interest on the difference between the two amounts and pay an additional £100 compensation.

Our investigator reviewed the information and concluded UKI’s offer was reasonable to resolve Mr and Mrs E’s complaint. She explained Mr and Mrs E’s policy provides that, if their car was assessed as a total loss, their policy states they would receive the market value of their car. We rely on vehicle valuation guides to assess that. The amount UKI had offered was in line with the highest valuation and was fair.

While she acknowledged Mr and Mrs E wanted the car repaired, she said the policy makes clear it’s UKI’s decision whether to do that or write it off. And she explained that, although Mr and Mrs E are now aware the car was repaired and on the road, it doesn’t mean UKI’s decision was wrong. But she did say they should have discussed with them the option of retaining the salvage so they could have had repairs done themselves if they wanted.

In relation to the complaint about discrimination, the investigator said, while she’d taken the Equality Act 2010 into account, she’d ultimately based her conclusions on what was fair and

reasonable and that, if Mrs E wanted a decision on whether the law had been broken, she would need to pursue that through the courts.

Mr and Mrs E didn't agree with our investigator's view. So I've been asked to make a 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.

Having done that, I'm not directing UKI to do more than they've already offered to resolve Mr and Mrs E's complaint. I'll explain why.

I'm sorry that Mr and Mrs E have found what happened so upsetting. They've explained the very personal circumstances which led to them buying the car, which led to a sentimental attachment and why they wanted it repaired. They were also scrupulous in maintaining the car – which they don't feel has been taken into account in how UKI valued it. And they feel misled by UKI saying it was uneconomical to repair the car, when it has since been repaired. These points were the focus of their response to our investigator's view. So I'm focusing on those same issues in my decision.

The starting point for considering the complaint is the policy terms. As is common to almost all motor insurance policies, it sets out that it is the insurer's choice whether to repair the damage or provide a cash settlement. And, if a cash settlement is provided, that will be for the market value of the car, which is defined as:

“The cost of replacing your car with another of the same make and model, and of a similar age, mileage, and condition at the time of the accident or loss.”

The valuation

I've reviewed the evidence both parties provided about the value of the car. UKI's offer of £2,846 is in line with the highest of the valuation guides. So I've considered what Mr and Mrs E have said to see if I'm persuaded the figure is too low.

Mr and Mrs E have said the valuation doesn't take account of the amount they've spent on maintaining the car. Nor does it take into account accessories they'd bought for it.

I've considered this, but I'm not persuaded I can reasonably say these factors mean UKI undervalued the car. It was 14 years old at the time of the accident. And while I accept Mr and Mrs E spent money maintaining it, that's necessary for keeping any car roadworthy. Their car was assessed as being in good condition. The valuations were for cars in the same condition. So I can't conclude that the valuation was too low.

Nor am I persuaded that the accessories would have added to the value. The evidence shows that, like the car, they were 14 years old. So it's reasonable to say their value would have depreciated in the same way. Mr and Mrs E have said that it wouldn't be safe to install a tow bar of that age and they should be compensated for having to fit a new one to their new car. I don't think that's a reasonable conclusion to draw. The accessories weren't separately insured but were covered within the value of the car as a whole. I've not seen they weren't taken into account in the valuation or that they would have increased it. So I can't say UKI should increase what Mr and Mrs E were paid.

The decision not to repair

As I've said above, the policy makes clear it was for UKI to decide whether the car should be repaired or cash settled.

When a car is written off, an insurer has to decide into which of four categories that write off falls. Whether or not a vehicle can legally be repaired depends which category it falls into.

Mr and Mrs E's car was categorised as repairable, but the insurer had decided not to. From the evidence I've seen, I'm satisfied UKI made it clear to Mr and Mrs E their decision was made on the basis of cost, not on whether repair was possible. So I don't think Mr and Mrs E were misled here.

And the policy says:

"Once we settle your claim, your car will become our property and you must send us the registration document. All cover will then end unless we agree differently."

So, after this point, it was up to UKI what they wanted to do with the car. In this situation, insurers often send cars to auction to offset their costs. And the cars can be bought by people who make a different decision from the insurer about investing time and money to repair them. That seems to be what has happened here. But that doesn't mean UKI should have decided to repair the car themselves.

But I do agree with our investigator that, given Mr and Mrs E robustly maintained they wanted the car repaired, UKI should have discussed with them the option of retaining the salvage for the car. This would have given them the option of having repairs done. But it wouldn't have changed the valuation of the car. And the amount of money they would have received in settlement would have been reduced by the salvage value of the car and may not have enabled them to complete repairs.

So I can't conclude they would have been in any different position. But I do think they should be compensated for losing the opportunity to make that choice.

Discrimination

Mr and Mrs E haven't directly responded to what the investigator said about this in her view. But, for completeness, I agree with her that it's for the courts to decide whether or not UKI breached the Equality Act 2010. I've reviewed the matter on a fair and reasonable basis.

Mrs E asked to deal only with certain staff members. I can see UKI couldn't make that adjustment because their systems couldn't direct calls in this way. The evidence we've been provided suggests Mrs E only voiced concerns about this regarding one call with UKI. Our investigator gave Mrs E the opportunity to provide details of other calls where she experienced difficulties, but we received nothing further from her. So, I've considered the impact of the particular call I'm aware of. When doing so, I've also placed weight on the fact there were alternative communication methods available to Mrs E – that she utilised. So, while I acknowledge she experienced some difficulties communicating with UKI in the call she's mentioned, overall I'm not persuaded they treated her unfairly regarding this complaint point.

Putting things right

UKI have offered to increase the settlement for the car from £2,530 to £2,846 and to pay interest on the difference. I think that's fair.

And I think the total of £600 compensation they've offered is a reasonable amount for the service failures identified and for not giving Mr and Mrs E the option to retain the salvage. So I don't think they need to do any more than this to resolve the complaint.

My final decision

For the reasons I've explained, I'm upholding Mr and Mrs E's complaint and directing UK Insurance Limited to pay them:

- an additional £316 for the value of their car (the difference between the original settlement of £2,530 and their most recent offer of £2,846)
- simple interest on that £316, calculated at the rate of 8% per year, from the date they paid the original settlement to Mr and Mrs E until the date of payment.

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

- £600 compensation (inclusive of all compensation previously paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E and Mrs E to accept or reject my decision before 26 February 2026.

Helen Stacey
Ombudsman