

## The complaint

Mr S complains that Tesco Underwriting Limited (“Tesco”) mishandled a claim on a motor insurance policy.

## What happened

The subject matter of the insurance, the claim and the complaint is a hybrid car made by a premium-brand car maker and first registered in 2012.

Mr S acquired the car in about 2022.

For the year from November 2023, Mr S had the car insured on a comprehensive policy with Tesco. Any claim for damage (except a windscreen claim) was subject to an excess of £200.00.

Unfortunately, Mr S reported that in mid-August 2024, an incident involving a third party had damaged the front offside of the car.

Mr S wanted a repairer franchised by the car maker to repair the car. On about 11 September 2024, a franchised repairer gave a repair estimate as follows:

Repairs	£3,874.88
VAT	£ 774.98
Total	£4,649.86

Much of the complaint is about acts, omissions or communications of a repair management company and its engineers on behalf of Tesco. Insofar as I hold it responsible for them, I may refer to them as acts, omissions or communications of Tesco.

On about 1 November 2024, Tesco authorised the repair but at a lower cost. Tesco told Mr S it hadn’t included a new headlight.

By a document dated 12 December 2024, Tesco added the headlight back in and authorised repair as follows:

Repairs	£3,383.25
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That would’ve been subject to deduction of the excess of £200.00.

Mr S asked for cash in lieu of repairs (“CIL”).

On about 6 January 2025, Mr S complained to Tesco about lack of communication (“the January 2025 complaint”).

Tesco offered Mr S CIL as follows:

Repairs	£2,879.18
VAT	£ 0.00
Less excess	£ 200.00
Payment	£2,679.18

On about 15 January 2025, Mr S accepted that.

On about 16 January 2025, Mr S expressed concern about the amount of the payment.

Compared to the franchised repairer's figure of £3,874.88, Tesco's figure of £2,879.18 was £995.70 less.

On about 4 February 2025, Mr S asked Tesco to provide a detailed breakdown.

On about 6 February 2025, Tesco replied including as follows:

*"we calculate the CIL by removing items that would not be expected to be paid for at a non-insurance approved repairer."*

By a final response dated 14 February 2025, Tesco accepted the January 2025 complaint and apologised.

On about 17 February 2025, Mr S complained to Tesco that it hadn't provided the breakdown.

By a final response dated 3 April 2025, Tesco turned down this complaint. It included the following:

*"Concerning the Cash in Lieu (CIL) calculation, our engineers have confirmed that it was based on the estimate provided. The CIL is offered without VAT to allow repairs to be carried out at your chosen repairer. The engineer has also confirmed that when calculating the CIL, certain items that would not typically be billed by a non-insurance repairer have been removed. These items include, but are not limited to, the following: Quality Control Checks, Anti-Corrosion Treatments, Masking, Methods, Pre- and Post-Sweeps, Hybrid Discharge, Wheel Alignment, Car Care Kit, Vehicle Cleaning, Energy Payments, and ADAS checks"*

Mr S brought the complaint to us in late May 2025.

In late October 2025, Mr S told us that he hadn't repaired the car.

Our investigator recommended (on 31 October 2025) that the complaint should be upheld in part. The investigator thought that Tesco hadn't provided evidence to show the exact items removed from the franchised repairer's estimate and a price breakdown to show that the CIL was sufficient to cover the essential repairs. The investigator thought that Tesco had refused to provide simple information and Mr S had to spend time chasing this information at an already stressful time.

The investigator recommended (on 31 October 2025) that Tesco should pay Mr S:

1. the additional £995.70 to cover the full amount of the franchised repairer's quote;

and.

2. 8% simple interest on the additional £995.70 from the date it paid Mr S the CIL, until the date it pays the additional £995.70; and
3. £300.00 compensation for distress and inconvenience.

Tesco disagreed with the investigator's opinion and provided further information. That included the items that it removed from the franchised repairer's estimate namely:

*“Car Care Kit, Tec Doc 3 Tec Information, Check And Quality Control, Check And Clean Car, Anti Corrosion To 1st Panel, Glass Screen Pillar Detaild Mask, Chassis Transfer, IT2 Test..., Hybrid Discharge, Wheel Alignment, Collection/Delivery, Energy Payment and IIR Adas Check”.*

Our investigator changed their opinion in part.

The investigator still recommended (on 21 November 2025) that the complaint should be upheld in part. The investigator thought that the CIL was reasonable. However the investigator still thought that Tesco was responsible for delay from January 2025 in responding to Mr S's request for information.

The investigator recommended (on 21 November 2025) that Tesco should:

1. pay Mr S £300.00 compensation for distress and inconvenience.

Tesco disagreed with the investigator's changed opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- It has done nothing wrong.
- Its engineer provided authority for £3,383.25 following some discounts and removal of blends due to the age and colour type.
- After removal of “Zone 99 Items” (only charged under insurance jobs) the final costs excluding VAT is £2,902.15 prior to driver's £200.00 excess being removed.
- Comparing that to its CIL figure of £2,879.18 (again prior to the excess) was a difference of £22.97 due to parts prices changing.

Mr S accepted Tesco's explanation and didn't disagree with the investigator's changed opinion.

### **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.

The accident and the need to make a claim were, in my view, bound to cause Mr S some distress and inconvenience. However, Tesco was under a duty to deal with his claim promptly and fairly.

Tesco's document dated 12 December 2024 compared the original VAT-exclusive figure of £3,874.88 with its figure of £3,383.25. So I find that each of those figures excluded VAT.

Tesco belatedly provided us (in confidence as is allowed by the Financial Conduct Authority's dispute resolution rules) a priced breakdown of the items it deducted in calculating its CIL. I'm satisfied that was fair.

I don't consider that it would be fair and reasonable to direct Tesco to compensate Mr S for higher costs or other losses arising from his decision to accept the CIL but to defer the repair.

Nevertheless, I consider that, especially after Tesco's change of position regarding the headlight, Tesco should've given Mr S support with his request for details of all its deductions or adjustments to the franchised repairer's estimate.

I consider that its failure to do so didn't treat Mr S fairly. The impact on him included that he felt he had to spend time to complain.

Tesco didn't respond in line with its own timescales, but it did respond within the eight weeks the Financial Conduct Authority's dispute resolution rules allowed.

Tesco could've done more sooner to reduce the impact on Mr S. In particular it could've provided us with detailed information before the investigator's first opinion.

### **Putting things right**

I keep in mind the nature and duration of that impact. So I conclude that £300.00 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 Tesco Underwriting Limited to pay Mr S £300.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 February 2026.

Christopher Gilbert  
**Ombudsman**