

The complaint

Mr H is unhappy with the service provided by Tesco Underwriting Limited (TUI) following a claim he made on his car insurance policy.

What happened

Mr H's car was involved in an incident. TUI arranged for Mr H's car to be inspected and told Mr H that it would be deemed a total loss. Mr H complained to TUI about not receiving a courtesy car, the total loss decision, the pre-accident value (PAV) of £13,541 offered, the category N marker placed on the car, and several other aspects of TUI's claim handling.

TUI considered Mr H's complaint but said it had acted in line with the policy terms and conditions. Mr H didn't accept TUI's explanation, and brought his complaint to the Financial Ombudsman service for investigation.

The Investigator checked four valuation guides that this service would usually consider when determining complaints about car valuation. The Investigator said the PAV offered for Mr H's car was fair and reasonable. The Investigator didn't ask TUI to do anything in settlement of this part of Mr H's complaint. The Investigator said there were some aspects of TUI's claim handling that could've been better but had nominal impact on the claim and Mr H. The Investigator recommended TUI pay Mr H £150 compensation for the distress and inconvenience caused to Mr H.

TUI accepted the Investigator's findings. Mr H disagreed. As the complaint couldn't be resolved, it has been passed to me for 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.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that's happened or been argued is set out above, I've read and considered everything that's been provided. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

Courtesy car

The terms and conditions for when a courtesy car will be provided explained '*A courtesy car will not be provided if your vehicle is declared a total loss unless you have Gold cover.*'

The policy terms are clear in explaining when a courtesy car would be provided. As Mr H's car was declared a total loss, and his policy was bronze comprehensive cover only, I'm satisfied TUI's decision not to provide a courtesy car was in line with the policy terms.

Total loss decision

Mr H says TUI acted unfairly by calculating the repair cost using original equipment manufacturer (OEM) parts only which has resulted in a total loss decision.

I note Mr H's comments and evidence about the date on the Motor Insurance Anti-Fraud & Theft Register (MIAFTR) showing that the total loss decision was recorded on 5 August 2025- the same date as the date of the incident. TUI has provided its own evidence showing an internal screenshot from its system supporting its position that MIAFTR was updated on 13 August. Mr H feels strongly that his evidence proves his point about TUI reaching a total loss decision without thoroughly inspecting his car.

I accept Mr H's evidence about what has been recorded on MIAFTR and this being in contrast to what TUI has provided. I've considered the impact on the claim because of this difference in evidence showing when MIAFTR was updated. Having done so, I'm not persuaded overall that that this difference materially impacts the claim, or Mr H.

I note Mr H instructed his own engineer to inspect his car and provide an opinion on the damage caused and likely repair costs. The conclusion of this report said '*Economically repairable using industry-standard aftermarket/mixed parts...Customer should be offered: Repair option (recommended). Cash settlement option, Choice of parts approach (OEM vs aftermarket).*' I've carefully considered this report. But I'm not persuaded this evidence changes my decision on TUI's handling of Mr H's claim.

I say this because whilst the report refers to '*Aftermarket*' as the description of the type of part that would be used, it doesn't specify where this part would be sourced from and its availability. I'm persuaded these are crucial factors in determining the overall repair cost. We also wouldn't expect TUI to source aftermarket parts where they're not showing as available at the time. TUI has explained that OEM parts were the only parts showing as available. I'm satisfied it was reasonable for TUI to rely on the engineer's report as being an accurate and fair assessment of the repairs needed and the likely repair cost.

We generally take the view that provided an appropriately qualified person (as stated by the salvage code), such as an engineer, has completed an inspection, it's reasonable for a business to rely on the findings of that engineer for the purposes of categorising a vehicle.

I recognise Mr H feels strongly that a proper inspection wasn't completed because of the date recorded on the engineer's report matching the date of the incident, and the evidence showing on MIAFTR. But having reviewed the supporting images of Mr H's car, and the labour and repair costs recorded in the engineer's report, I'm overall satisfied TUI has done what we'd expect before determining Mr H's car a total loss.

Usually if the damage on a vehicle is more than 60% of the value of the vehicle, a business will say it's a total loss. We generally agree with this approach. In this case, the engineer deemed that it wouldn't be economical to repair Mr H's car because of the repairs costs, and so the claim would be treated on a total loss basis. The engineer also determined that a category N marker would be placed on Mr H's car to reflect the damage caused.

For the reasons explained, I won't be asking TUI to take any further action in respect of the total loss decision and category N marker.

Valuation

I've looked at the valuation guides that we would usually refer to when dealing with complaints about market valuation. These guides are based on extensive nationwide research of likely selling prices. They use advertised prices and auction prices to work out

what likely selling prices would've been. We expect insurers to use valuation guides when valuing a vehicle for claims purposes.

When considering complaints about vehicle valuation, we look to see whether the insurer has shown its valuation is fair. To do this we use four recognised valuation guides. Where we find a material difference between the guides, we'd expect a business to support why the PAV it has offered is a fair one.

In this case, TUI's offer of £13,541 is higher than the value returned from the four valuation guides. I note Mr H provided adverts supporting a higher valuation, and it was following review of this evidence that TUI increased its offer to £13,541. I've seen that the adverts Mr H provided included cars of the same make and model as Mr H's, however the mileage on all the cars advertised was higher than Mr H's. Despite this, and the valuation guides all showing a lower valuation than £13,541, TUI offered Mr H a PAV of £13,541.

Mr H has described in detail the rare and specific features of his car which make it more desirable. Mr H says these features directly impacted its value, and haven't been considered by TUI when offering him a PAV for his car. I've carefully considered Mr H's comments alongside the evidence provided.

Similar to the value of a car, factory-fitted optional extras will also likely depreciate over time, and while some optional extras can increase the resale value of a car, some won't increase the price but may make the car more desirable to buy. And even where they do have an impact, as Mr H's has, the increase in value for the car is only likely to be a small fraction of the initial cost of those. That's what I have seen returned from the evidence produced by the valuation guide which returned a value for optional extras for Mr H's car.

I'm satisfied our Investigator has taken into account the optional extras which have increased the value of Mr H's car, but this hasn't evidenced that the market value offered by TUI is unfair. I appreciate Mr H will be disappointed by my findings. But based on the evidence I've seen I'm persuaded TUI's PAV offer to Mr H is reasonable, and in line with our approach. So, I won't be asking TUI to pay anything more than what has been offered. It is for Mr H to decide if he wants to accept this.

Claim handling

It's not disputed that TUI could've done more to provide Mr H with a better level of customer service. Mr H sent several correspondences to TUI for consideration but responses to Mr H were sometimes delayed.

But I also accept that making a claim can cause a level of distress and inconvenience even when things go as they should. I recognise Mr H has describe in detail the impact on his livelihood, such as missed holidays, and the emotional stress of dealing with the claim. But I'm not persuaded it would be fair or reasonable to hold TUI responsible for the impact Mr H has described.

I say this because it's evident much of Mr H's frustration stems from TUI's total loss decision and PAV offer. I've determined TUI has acted in reasonably and in line with what we'd expect for these complaints. TUI's poor claim handling is limited to its poor communication with Mr H. So that's the only failing I'm awarding compensation for.

When thinking about the impact on Mr H because of TUI's poor communication, the £150 recommended by the Investigator is in line with what I'd direct in the circumstances. This recognises the impact on Mr H because of what went wrong with the handling of the claim, but also that the outcome of the claim remains unchanged.

The Investigator also recommended a written apology from TUI to Mr H. I won't be including this as part of my direction for putting things right. I don't think an apology at this time would add any value to resolving Mr H's complaint. I'm satisfied payment of £150 for distress and inconvenience is fair in the circumstances. It is for Mr H to decide if he wants to accept this.

Putting things right

Tesco Underwriting Limited is directed to take the following actions:

1. Settle Mr M's motor insurance claim based on a valuation of £13,541 (minus the policy excess). The salvage amount is also deductible should the option to retain the salvage be available, and Mr H choose to retain the salvage; and
2. Pay Mr H £150 for distress inconvenience.

My final decision

For the reasons provided I uphold this complaint, and direct Tesco Underwriting Limited to follow my direction for putting things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 March 2026.

Neeta Karelia
Ombudsman