

complaint

Ms B says U K Insurance Limited ("UKI") provided poor service to her after she made a claim on her motor insurance policy.

background

Ms B's car was stolen. It took two months to settle the claim and Ms B had to chase UKI for updates. No letters about it were received. Ms B thought UKI's customer service was very poor from start to finish. That included not being told how to replace the car's stolen V5 registration document, which caused further delay. UKI also failed to say the insurance had been cancelled and that the finance on the car had been paid. Ms B says she was told different things by UKI when she or her partner rang and that calls were cut off. Her claim for personal possessions wasn't paid (in error) until after she made a complaint. UKI paid Ms B £350 compensation, which she didn't think sufficient.

Our adjudicator thought UKI had carried out a proper investigation into Ms B's complaint. It had agreed its service was lacking in several respects. She thought Ms B and her partner had experienced a lot of stress and inconvenience as a result of UKI's errors. She didn't think the level of compensation offered was right. She suggested a further £200 should be paid, and UKI agreed to that.

As Ms B remained unhappy, the complaint was passed to me for review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There's no doubt that Ms B experienced very poor service, largely as a result of administrative errors and misunderstandings by UKI. Having been burgled and losing a car would have been stressful enough without that. I think Ms B was entitled to expect UKI to have got most things right.

During the adjudicator's investigation Ms B raised new issues. UKI agreed we could look at them as part of this complaint. One was about being contacted about the wrong car by UKI. Another was about being sent some documents that Ms B thought shouldn't have been sent. One of these was an engineer's report. Ms B concluded from the engineer's comments that UKI hadn't paid enough for the car.

The adjudicator agreed that UKI had made a mistake in contacting Ms B about the wrong car. She didn't agree the documents shouldn't have been sent to her. When the adjudicator checked the national trade guides she found that UKI had offered more than the market value for the car.

I agree with the adjudicator's view on these new issues. In terms of the valuation, we place great weight on trade guide valuations. They reflect selling prices for vehicles rather than asking prices. I think UKI offered a fair price for the car.

In terms of the service issues, when things have gone wrong we expect insurers to look into complaints properly. They should try to put things right. I think UKI took Ms B's complaint seriously and made an effort to resolve it. But I agree with the adjudicator that the compensation it offered initially wasn't enough. In these circumstances we usually consider

what sort of sum we'd have thought appropriate if the insurer hadn't addressed the complaint. Our awards are generally modest. We don't set out to punish businesses.

In this case, UKI's agreement to pay a further £200 to Ms B means the total award is £550. That's a sum we consider to be substantial. I think the number of instances of poor service and the effect it had on Ms B merit that, but not more.

When the adjudicator asked, Ms B didn't say why she doesn't agree, or what she thinks would be fair. I can see that initially, Ms B's partner told the adjudicator they thought £5,000 was merited. That's right at the top end of the scale for the compensation we award, between what we consider very severe and extreme.

I appreciate Ms B was very frustrated and upset by the errors UKI made. Ms B says she's had trouble sleeping and is on medication. That must be difficult to cope with, but we haven't had any medical evidence to show the nature of the illness or that it's due to UKI's actions. I don't think the level of trouble and upset in this case compares to that present in the very small number of cases where we've thought it was very severe or extreme.

In my opinion, the proposed settlement offer from UKI is fair and reasonable.

my final decision

My final decision is that U K Insurance Limited should finalise the agreed settlement by paying Ms B £550 in total.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms B to accept or reject my decision before 28 August 2015.

Susan Ewins
ombudsman