complaint

Mr B complains that Royal & Sun Alliance Insurance Plc ('RSA') arranged repairs on his vehicle that were substandard, along with causing undue delay when deciding the liability of a claim he made on his motor insurance policy.

background

On 17 August 2018, Mr B was involved in a collision while in Denmark. He wanted to make a claim for the damages his car sustained, so he called RSA on 20 August 2018 to notify it of his loss.

During this call, Mr B gave RSA a host of information about the incident, including the location and time of it and the third-party's details. RSA accepted the claim and began the process of arranging the repairs of Mr B's vehicle. Because the incident happened outside of the UK, RSA contacted the Motor Insurance Bureau (MIB) in order to find the third-party insurer's details. It intended to exchange information with the UK representative of this foreign insurer, so a decision could be made on which driver was at fault.

Mr B was unhappy with the repairs that had taken place on his car, so he raised a formal complaint citing that they were substandard. He claimed that the garage RSA had employed to conduct the repairs had actually caused further damage, that wasn't present immediately after the incident. RSA apologised and in early 2019 offered £100 compensation for this, along with rectifying the repairs to a satisfactory standard.

Aside from the repairs, RSA contacted Mr B in late September 2018 asking for information. It explained that it needed details of the third-party driver, specifically their vehicle registration. Mr B was unhappy about this, because he'd already given RSA this information when he first notified it of the incident in August 2018. He thought that this had unnecessarily delayed the decision on the liability of the claim.

Following this, RSA sent a letter to the MIB in October 2018 with the third-party registration details. It asked for the necessary contact information of the third-party insurer, so it could open up communications and work out the liability of the claim, along with the recovery of costs. Shortly afterwards, RSA apologised to Mr B as it accepted that it had caused an undue delay and offered him £50 compensation to put this right.

On 3 December 2018, RSA sent Mr B its final response to the complaint. It maintained that it thought £50 compensation was reasonable for the delays caused in deciding liability.

Then, in the middle of February 2019, RSA emailed the MIB for an update because it was yet to receive the details of the UK representative of the third-party insurer. The MIB responded by letter on 14 February 2019, pointing out that RSA needed to provide the location and date of the incident before it could trace this information. RSA gave these details in a letter dated 19 February 2019. The next day, RSA wrote to Mr B to tell him that it had now provided all of the details that the MIB had requested and it was awaiting its response.

However, RSA then realised that it hadn't asked Mr B to provide a detailed account of the incident. It sent him a letter at the end of February 2019, asking him to provide a statement along with a sketch of what happened and any other factors that he thought might be important to the liability of the claim.

Mr B provided this information, but was unhappy about doing so because it had been over five months since the incident took place. He was also in the process of relocating to a different country, which meant he was extremely busy and it was already a stressful time. Again, he thought it unfair that it had taken RSA this long to get the information needed to decide the liability of the claim.

So, in April 2019, Mr B brought his complaint to our service and one of our investigators looked into it. During the course of her investigation, RSA sent a letter to Mr B assuring him that the MIB now had what was needed to trace the third-party insurer's details.

Our investigator took account of this, along with the other evidence relevant to the complaint. She didn't see the need to comment on the quality of repairs conducted on the vehicle, as Mr B informed our service that this element to the complaint had been resolved. In terms of the delays caused, she thought that RSA should increase its offer of compensation from £50 to £250.

Mr B accepted this – but RSA disagreed. It said that the compensation was too high, as claims that occur while driving abroad generally take longer to decide. Overall, it thought £250 wasn't reasonable in the circumstances.

Because RSA disagreed, the complaint has been escalated to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with our investigator that the complaint should be upheld. I'll explain why.

Where Mr B is satisfied with the repairs that have now been conducted and the compensation offered, I don't need to comment on this element of the complaint.

RSA has confirmed that the liability of the claim has now been decided, with it being agreed that Mr B was not at fault for the incident. Mr B agrees with this decision and, as things stand, I understand that RSA is attempting to recover its costs from the third-party insurer. Once recovered, it will update the recording of the claim accordingly, i.e. that Mr B made a claim and wasn't at fault.

Therefore, what's left for me to determine is an appropriate amount of compensation to reflect the avoidable delays that occurred in reaching this point. When deciding this, I've taken into account that Mr B's car was repaired (albeit unsatisfactorily at first) shortly after he raised the claim. As mentioned, this part of the complaint isn't in dispute.

Nevertheless, it's important to distinguish that the delays RSA caused were only in respect of the decision on the liability of the claim – not the completion of repairs being claimed for. With this in mind, I've thought carefully about what would constitute fair compensation for Mr B.

Claims involving an incident that occurred while driving abroad can be subject to the *4th EU Motor Insurance Directive (2000/26/EC).* This gives injured parties a direct right of action against the insurer of the responsible party; and the ability to settle claims in their home state through the respondent insurer's representative.

Mr B was eligible under this directive, so RSA was able to approach the MIB in its role as the UK Information Centre. RSA looked to the MIB to provide details of the third-party insurance company, as this insurer is based in a foreign country and therefore RSA attempted to contact its UK Representative. I'm satisfied that RSA did contact the MIB, with the intention of settling Mr B's claim by corresponding with the representative of the third-party insurer.

This process differs from a claim originating from an incident within the UK, between, for example, RSA (as a UK-based insurer) and another UK insurer. I say this because, it involves RSA contacting the MIB and then reaching out to another party that's appointed to handle claims on behalf of the foreign insurer – which isn't necessary during a UK-based claim. Therefore, a claim such as this can unavoidably result in additional time being needed to decide liability.

In light of the need to contact additional parties, I acknowledge RSA's argument that these types of claims can generally take longer. Also, I take into consideration that despite RSA's best endeavours, the swiftness of deciding liability was not entirely within its control. That is to say that, even if RSA were to act quicker than it did here – it would always need to rely on the MIB and another party to settle Mr B's claim. RSA is responsible for how quickly it acts on and exchanges information. However, in my opinion, it shouldn't be held liable for the response times of separate entities, such as the MIB or the appointed representatives of the third-party insurer.

For this reason, I cannot safely conclude that RSA is solely responsible for the liability of Mr B's claim being decided at the time that it was. It's therefore my judgment that I cannot fairly decide upon a point in time that the liability ought to have been decided by. It follows that, I don't require RSA to cover the cost of any additional premium that Mr B has paid while this claim was ongoing i.e. either when renewing his insurance policy with RSA or applying to be insured by an alternative provider.

That being said, it's not in dispute that Mr B gave RSA the majority, if not *all* of the necessary information relating to the incident when he first submitted the claim in August 2018.

According to the MIB, the details of a foreign insurer and its UK representatives can be obtained by providing the third-party's registration number and country of registration. Mr B submitted this to RSA in August 2018, by providing a host of information about the third-party driver, including the name of their insurer. But RSA then contacted him some four weeks later to ask for this same information.

Being asked to provide a detailed account of what happened and to draw a sketch to illustrate this is common when assessing motor insurance claims. Indeed, based on my experience, all of the information that the MIB asked RSA to provide is commonplace in the industry. The location, time and third-party details are all fundamental to working out what happened and who was responsible. Ideally, this should be requested sooner rather than later, to aid the accuracy of the account being provided.

However, RSA asked for some of this information a number of months after the incident. I can appreciate Mr B's frustration with this, as throughout the claims process, he has engaged with RSA and stressed his need for the liability of the claim to be decided as soon as possible.

In the circumstances, I understand why Mr B is unhappy about being asked to repeat information, especially at an already stressful time while moving. There are plausible reasons why he would want the decision on liability decided at the earliest opportunity.

Having a claim that's left open without liability decided can be of detriment to a policyholder. An "open" claim is automatically regarded as a "fault" claim – and usually remains as such until the insurer fully recovers from the third-party. And a fault claim can cause a renewal premium to be more expensive, because insurers may interpret an applicant with fault claims as being a higher risk.

So, it's true that RSA required a degree of cooperation from the appointed representatives of the third-party insurer and a timely response from the MIB. However, overall, I'm not persuaded that it's provided a sufficient enough argument for why it didn't ask for the necessary information earlier than it did. Because, had it acted quicker, it strikes me that the decision on liability could have been made at an earlier point in time.

As the regulator, the Financial Conduct Authority (FCA) sets the regulatory obligations that insurers, such as RSA, must follow. The Insurance Conduct of Business Sourcebook (ICOBS) forms part of the *FCA Handbook*. According to ICOBS, an insurer must handle claims promptly and fairly (ICOBS 8.1).

For the reasons I've given above, I'm not satisfied that RSA did handle this claim promptly and fairly. I'm persuaded that this had an impact on Mr B, causing him distress and inconvenience.

In view of this, I conclude that a total of £250 is fair and reasonable compensation. This is within the parameters of what we normally award for moderate distress and inconvenience, so is clearly not too high for the impact of this type of failing.

my final decision

My final decision is to uphold the complaint.

I understand that Royal & Sun Alliance Insurance Plc has already paid Mr B £100 compensation for the problems encountered with the repairs of his vehicle. Separate to this, I understand that Royal & Sun Alliance Insurance Plc has offered £50 compensation for the delay's element of the complaint.

For the reasons set out above, I require Royal & Sun Alliance Insurance Plc to pay Mr B a total of £250 as compensation for the delays caused – in addition to the £100 it's already paid in compensation for the repairs.

So Royal & Sun Alliance Insurance Plc should award Mr B a total of £250 in compensation for the delays, within 28 days of receiving notice from us of his acceptance of this decision, failing which interest will start to accrue on this sum at the simple rate of 8% a year (less any tax properly deductible) until the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 January 2020.

Matthew Belcher
ombudsman