

## **complaint**

Mr R complained about how Tradewise Insurance Company Limited handled his claim under his motor insurance policy.

## **background**

Mr R's car was damaged in an incident which wasn't his fault. Tradewise settled his claim but not in the way Mr R had wanted. He complained to them because he felt that they'd changed their minds unfairly, taken too long to deal with his claim, and hadn't kept him informed. But Tradewise disagreed. Mr R remained unhappy and so brought his complaint to us, via his wife, Mrs R.

The investigator recommended that his complaint should be partially upheld. She thought that Tradewise had acted reasonably in settling his claim but she didn't think they'd communicated with him very well. She felt that this had caused him worry which could have been avoided. So she thought that they should pay Mr R compensation of £150 for the trouble and upset they'd caused him.

Mr R agreed to this, but Tradewise didn't agree and so his complaint has been passed 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.

Tradewise's engineer assessed Mr R's car's repair costs in October 2017 as being more than his car's market value. So Tradewise said it wasn't economical to repair. As the investigator explained to Mr R, under the policy Tradewise was entitled to do this. If repairing his car should cost them more than his car's market value, they could pay him his car's market value, less any other entitled costs, instead. So Tradewise offered Mr R an amount for his car's market value.

But although Mr R accepted this at first, his wife told Tradewise that he didn't really understand why his car couldn't be repaired as he wished. He wanted it repaired because he used it for his business. She explained that his car had to be licensed, and his existing car was already licensed. But if he had to buy a new car, he'd have to buy one which met new and more burdensome licensing requirements. He said that this would be financially prohibitive for him and it might mean he wouldn't be able to continue in business. Because of this, Tradewise agreed to repair his car instead of writing it off. It seems that they did this because they thought at first that the estimated repair costs were not much more than his car's pre-accident value, which was about £4,500.

But when the garage started work on Mr R's car they realised that there was more damage than they'd thought at first. By January 2018 the estimated repair costs had gone up to more than £10,000.

Tradewise decided that they couldn't fully repair the car now after all because the costs had increased so much. Instead they said that they'd only cover the repair costs which the garage had completed up to 19<sup>th</sup> February. And they also offered Mr R a cash amount which

represented his car's pre-accident value less the outstanding policy premiums for that year, the policy excess and Tradewise's salvage rights.

This meant that Mr R could keep his car but would have to pay for the rest of the repairs himself. Mr R agreed to this. But he remained unhappy.

He felt that it was unfair of Tradewise to change their minds about agreeing to pay for his car's repairs. He thought his car had been insured for £16,000. And he said that Tradewise didn't communicate well with him about what was going to happen and why, and that it took too long and caused him and his wife unnecessary stress. He said that though Tradewise did give him a single point of contact at Tradewise, this was only after he'd complained.

Tradewise said that they were entitled under the policy to treat Mr R's car as a total loss and pay him its market value. So they felt they'd done more than they needed to under the policy when, to help Mr R, they'd agreed to repair it instead. But they'd only agreed this on the estimated repair costs then. They hadn't planned to pay for the much higher amount that the repair cost turned out to be. If they'd known the true repair costs at the start they wouldn't have agreed to it. However, they partially upheld Mr R's complaint about not communicating very well with him at the start of the claim.

I agree that under Mr R's policy, all Tradewise had to do was pay him his car's market value less any entitled deductions. So Tradewise did more than they had to, by paying for some of the repairs. And, in going beyond the policy terms, the claim did cost them more than it had to. So I don't think it was unreasonable for them to decide, when the repair costs got too high, that they couldn't carry on with the repairs. But I don't think that they explained that very well to Mr R. And I can see that Mr R found this confusing, because he thought his car was insured for £16,000, the value on his insurance certificate. But, as the investigator clarified to Mr R, that's not what Tradewise has to pay out. As Mr R's policy above confirms, they only have to pay the car's market value. This is a common term in insurance policies and I don't find it unreasonable.

Tradewise didn't think the claim had taken unreasonably long to resolve. They said it took as long as it did because, instead of just following their policy terms, they'd tried to do more to help Mr R. They said that once they realised that Mr R didn't understand, they arranged for him to have a section leader as a single point of contact with them. So, they didn't think that they'd added to Mr R's distress. However, Tradewise's final response letter, while very detailed and comprehensive, caused Mr R further confusion by not saying what part of the complaint they'd upheld or saying how they planned to remedy that. And so, even though Tradewise did act reasonably towards Mr R in settling his claim, I think that their communication could have been better earlier. This is so because it was clear from the start that Mr R didn't understand Tradewise's total loss offer, and the outcome of the claim could have a significant impact on whether Mr R could stay in business. So, I do think that if Tradewise had been clearer with Mr R at the start about what they would pay and why, they might have been able to avoid some of the stress caused to Mr R. I therefore don't think that Tradewise acted reasonably there, and I agree that they should pay Mr R £150 in compensation to reflect the upset he experienced.

### **my final decision**

For the reasons, I've given above it's my final decision that I partly uphold this complaint. I require Tradewise Insurance Company Limited to pay Mr R £150 in compensation for the trouble and upset he has experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 15 September 2018.

Rosslyn Scott  
**ombudsman**

*Tradewise must pay the compensation within 28 days of the date on which we tell them Mr R accepts my final decision. If they pay later than this, they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.*

*If Tradewise consider that they are required by HM Revenue & Customs to withhold income tax from that interest, they should tell Mr R how much they have taken off. They should also give Mr R a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*