

complaint

B complains about the time AIG Europe Limited took to deal with a claim it made under its commercial motor insurance policy.

background

B's vehicle was stolen in April 2008. The theft was reported to AIG immediately. By mid-June its loss adjuster reported no concerns with the claim and AIG then requested the vehicle's documentation, instructing an engineer to value the missing vehicle towards the end of June. B's broker enquired about progress in mid-July, but the valuation was still not available when the police recovered the vehicle (in a damaged state) on 29 July.

The police retained the vehicle for six weeks, during which time AIG's engineer inspected it and considered it to be repairable. The vehicle was sent to AIG's repairer on 9 September. After agreeing to new locks (so the vehicle could be inspected) AIG authorised the repairs on 14 October 2008. B's broker chased progress twice during November and the vehicle was returned to B on 8 December 2008.

B said it was then unable to tax the vehicle because AIG did not return the vehicle's documents, including the V5 registration form, until near the end of February 2009. During that time, B also asked AIG about the prospects of recovering costs from the person who stole the vehicle. AIG did not seek a legal opinion on that query until over four months later.

In order to continue its business, B had to hire a vehicle until its own vehicle was finally back on the road (although the hire was not continuous). It considers that AIG should be held responsible for the hire charges, as it took far too long to deal with the claim. In its view, it should have been settled before the police recovered the damaged vehicle, which was more than three months after its theft. It also considers that AIG took an excessive time to repair the vehicle. AIG says the initial investigations it undertook were reasonable and as the police held the vehicle for six weeks, it could not commence the repairs immediately. They were carried out as swiftly as reasonably possible, given the specialist nature of the vehicle. It accepts that the V5 form was not returned promptly, but says that would not have prevented B from taxing the vehicle.

Our adjudicator concluded that AIG had caused unreasonable delays from the outset and that, as it should have settled the claim before the police recovered the vehicle, AIG should be responsible for hire charges from that date. He did not accept that the vehicle could not have been taxed without the V5 form following its return on 8 December, so he did not hold AIG liable for losses after that date.

Neither party accepted the adjudicator's view. AIG maintained that the time taken to deal with the claim was reasonable, as it was a specialist type of vehicle (a refrigerated van). Extensive research was necessary to value it, and had the valuation been quicker, B would have struggled to find a replacement, thereby remaining without a vehicle and incurring further hire charges anyway. It offered £100 in compensation for the delay in returning the V5 document. B insisted that AIG should be responsible for hire charges after 8 December 2008 (as well as earlier charges) because it was not possible to tax the vehicle until the V5 form was returned towards the end of February 2009.

A second adjudicator completed a further assessment of the complaint. In his view, AIG's initial investigations were carried out within a reasonable timeframe, and the fact that the

wrong name was provided for the company's proprietor caused a delay. He considered that valuing the vehicle was not straightforward, as it had special features, thus requiring research by an external expert. He concluded that the claim could not reasonably have been settled before the vehicle was recovered, and accepted AIG's view that B would not have been able to source a replacement vehicle quickly in any event. Consequently, in his view AIG should not be held responsible for the hire charges from 29 July. He considered the time taken to authorise repairs to be excessive, however, and said that AIG should pay hire charges for one month, as well as £100 for inconvenience, in addition to the £100 already offered for the late return of the V5 document. He pointed out that B could have taxed the vehicle without the document, through a DVLA office.

AIG accepted the adjudicator's view. B requested a review of the complaint by an ombudsman. I considered all the information and was minded to conclude the following:

- Having the incorrect name for B's proprietor should not have caused AIG more than a very brief delay, as it appeared that all the company's other details were correct. Any other delays at the initial investigation stage were caused by AIG. It took over a month to obtain the investigators report and a further 10 days to instruct an engineer to value the vehicle. It was a further month before the engineer was chased up by AIG, and that appeared to have happened because the broker requested an update on progress.
- It should have been possible to obtain a valuation for the vehicle more quickly. Despite the fact that it was a refrigerated van, it was not clear why it would have been so difficult to value. Prompt consideration of advertisements and timely discussions with trade guides' technical teams and specialist dealers should have been sufficient to enable a quicker resolution.
- On balance, AIG could reasonably have been expected to settle the claim before 29 July 2008, so it should reimburse B for the cost of vehicle hire from that date, subject to evidence of hire from B. AIG's view that B would have struggled to find a replacement vehicle quickly was conjecture, but in any event, had the claim been settled, AIG would have had no responsibility for hire charges.
- It took more than four months subsequently to return the vehicle to B. For six weeks of that time, the vehicle was with the police, but AIG's engineer was still able to inspect it. There was an unexplained delay between new locks being authorised by AIG on 15 September and the authorisation of repairs on 14 October 2008; by this point the vehicle had been out of the control of the police for over five weeks. In November the broker had to chase progress on the repairs twice, and from the information to hand, it was not altogether clear why repairs took almost two months from the date of authorisation to complete, nor was it apparent that AIG pressed the repairer for information or encouraged the speeding up of the work. Given that the claim had been received formally at the start of May 2008, AIG should have taken far more interest in the progress of the repairs than was apparent.
- B appeared to have provided no evidence to show that it could not have taxed the vehicle without the V5 form, so AIG should not be held responsible for hire charges after 8 December. B was repeatedly assured that documents were on their way back, when that was not the case. There was a long (and unexplained) delay in AIG seeking a legal view on whether costs could be recovered from the thief. B was not prejudiced by the latter (as there was no more prospect of recovery at the outset than

there was when the legal advice was received). However, it must have been very frustrating for B to be expecting the return of documents and legal advice from AIG that did not materialise reasonably promptly.

- Communication in general from AIG to B should have been better, and the broker had to initiate contact on various occasions when he should not have had to do so. Both adjudicators recommended that compensation should be paid for the late return of the documents to B, and the second adjudicator recommended a further sum for the delay in authorising repairs. The award for distress and inconvenience should be increased, in view of the overall delays and failures in customer service, particularly around communication with B.

I asked the parties to comment on my provisional findings within one month. Both parties accepted my provisional decision without further comment.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. As neither party has commented about the reasoning or remedies put forward in my provisional decision, or provided any further information or evidence for me to consider, I see no reason to depart from those findings.

my final decision

My final decision is that I uphold this complaint. I require AIG Europe Limited to do the following:

- Subject to evidence, reimburse B for the hire charges incurred between 29 July 2008 and 8 December 2008
- Add interest at 8% simple per annum to the sum above, from the date payment was incurred to the date of reimbursement, subject to tax where properly deductible
- Pay B A £300 for distress and inconvenience

Susan Ewins
ombudsman