

complaint

Ms Y complains about the way U K Insurance Limited (“UKI”) handled a claim under her car insurance policy.

background

In May 2017, Ms Y was involved in a car accident and made a claim to UKI under her insurance policy. She says UKI has caused unnecessary delays in repairing her car; failed to update her or respond to correspondence; didn’t provide a courtesy car; and increased her premium at renewal.

UKI say liability was denied by the third party which has caused delays in resolving the claim. But it acknowledges there have been some failings in the way in which it has progressed things and so offered £200 compensation. There were issues of Ms Y not returning calls with a repairer and so the car didn’t get booked in.

UKI say there has been problems with the garage who were instructed to repair the car. They initially accepted the job, but are now saying they can’t book Ms Y in. UKI instructed another garage, but there appears to be some miscommunication about the arrangements. So UKI has offered a further £75 compensation for the trouble and upset associated with this.

The remaining parts of Ms Y’s complaint have been declined. UKI say she wasn’t entitled to a courtesy car because her car was driveable. And her premium increased at renewal because she had an open claim at that time. UKI says that if the claim settles in Ms Y’s favour, it will review her premium to reflect this. But any claim, regardless of fault, will have an effect on the price of a policy.

Our investigator didn’t uphold the complaint. She was satisfied that the compensation UKI offered is fair in the circumstances of the complaint. And she didn’t think it needed to do anything more.

But Ms Y disagrees. She wants a full refund of the cost of the policy for the year in which the accident occurred as she doesn’t feel that UKI fulfilled the contract she held with it. She’s prepared to accept a 60% refund. The complaint has been passed to me for a final decision.

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’ll address the complaint points separately below.

There is a general requirement on insurers to handle claims promptly and fairly. In acting promptly UKI should take reasonable steps to move claims on, for example by arranging repairs and communicating with third parties or third-party insurers to agree liability and settlement terms where relevant. In this complaint I note the circumstances of the accident aren’t straightforward and the third party has solicitors acting for them.

Delays

This accident occurred in May 2017 and Ms Y's car was still not repaired at the point she raised her second complaint in July 2018. This is over a year which in my view is not reasonable in the circumstances. If there is a liability dispute that shouldn't generally mean repairs can't be carried out under the insurance policy. UKI acknowledge this and its failings in handling the claim and has offered compensation totalling £275 to reflect what's gone wrong.

As it's not in dispute that UKI has caused some delays, I need to determine whether UKI has done enough to put things right. So, I've thought about the impact the delays have had on Ms Y and the amount UKI has offered.

Ms Y remained in possession of the car as it was deemed driveable. Ms Y has told us she was reluctant to drive it as she felt it was unsafe. Whilst I can appreciate her concerns, I haven't seen anything to show me the car wasn't roadworthy and couldn't be used. I'm satisfied the impact of the delay in repairing Ms Y's car was limited and confined to the distress in driving around a damaged car, and the inconvenience of asking UKI when repairs would be carried out.

Our service can award compensation when we see that things have gone wrong. I've taken into account that Ms Y didn't lose the use of the car and there were periods UKI say that Ms Y didn't return calls or make arrangements with the repairer to book her car in. It's apparent that Ms Y works long hours and couldn't take calls during the day. Overall, I accept that Ms Y would have experienced annoyance and frustration in not having her car repaired as quickly as she should have. And on review of what's happened, I'm satisfied the total of £275 compensation is fair and reasonable in all the circumstances. I'm satisfied it reflects the impact of the delay and I'm mindful that compensation in this case is not a punishment on UKI, but a reflection of distress and inconvenience caused to Ms Y.

Ms Y wants a refund of her policy for the year the accident occurred, but I won't be asking UKI to do this. Ms Y has had the benefit of the car insurance policy for these 12 months (a mandatory requirement under road traffic laws) and has made a claim which UKI are honouring. Unless Ms Y wants to forfeit the policy and become personally liable for the claim – including the cost of repairs and any legal action that may be required to resolve the liability dispute – I think it's in her best interests for the policy to remain in place.

Courtesy car

Ms Y says she's entitled to a courtesy car under the terms of her car insurance policy but didn't receive one. The policy terms and conditions say:

"You may only use the hire car whilst your car remains off the road or whilst your car is with an approved repairer as a result of an accident, fire or theft."

As Ms Y's car has not been deemed 'off the road' and wasn't in for repairs, I'm not persuaded she qualified for a courtesy car. I haven't seen anything to show me that the car was unsafe for Ms Y to drive whilst she was waiting for the repairs to be carried out.

Renewal premium

When Ms Y's policy renewed, this claim was outstanding in so far as it was still active. UKI calculated the renewal price based on a fault claim, which is common practice across the car insurance industry. This is because 'fault' relates to UKI's outlay, or potential outlay, in

dealing with the claim that it is unlikely to recover from another party. And if the claim is later resolved as non-fault (so it won't be financially out of pocket for Ms Y's claim), UKI will be able to recalculate the premium and refund any overpayment Ms Y has made. The open claim impacted the no claims discount.

I've reviewed the breakdown of Ms Y's renewal, and while I can't share this information with her due to its commercially sensitive nature, I am satisfied that it shows an increase in her premium because of the unresolved claim. Ms Y should contact UKI to recalculate the premium if her claim is later resolved in her favour.

my final decision

For the reasons I've explained, I don't uphold this complaint. U K Insurance Limited has done enough to resolve the delays and failings in its claims handling.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 31 January 2020.

Sean Hamilton
ombudsman