

complaint

Mr D's complaint concerns the amount Direct Line / UK Insurance Limited (UKI) have offered to pay for his claim for accidental damage to his patio door.

background

The circumstances of this complaint were set out in my provisional decision of June 2013, a copy of which is attached and forms part of this decision.

UKI confirmed it had nothing further to add.

Mr D commented:

- The settlement figure is obviously important and becomes more important as time goes by; however, this is only a part of the complaint. He offered to settle this claim at £275 with UKI.
- The poor service offered by UKI is an equally important factor and although detailed in his initial correspondence to UKI and in the Financial Ombudsman Service complaint form this issue appears not to have been addressed by the Ombudsman.
- He had to make 6 calls to initiate the claim and subsequently obtain correct information from UKI call centre staff.
- *"He feels he was misled.."* It was not a feeling that he was misled - the statement was made twice by UKI staff during the first call - "it is how the Policy is set up".
- *"UKI's approved contractors quote would be prepared using market rates."* The copy of this call is missing but his concern about how the quote would be prepared is evident in tracks 2 and 3 (respectively the third and second call).
- He is aware of the heavily discounted Schedules of Rates and Composite Items sometimes used by Insurance Companies and their Contractors and would not have continued without confirmation that there would be a fair comparison between UKI and his own quotes.
- Vat registration - Again this call is missing but the intent to make the call is detailed in Track 3 (call 2).
- UKI have only provided a "brief quote" which details the use of "Standard Glass". The actual requirement was for toughened glass and a complete strip down and rebuild of both door leaves.
- UKI will not, or cannot, provide any further detail and so a direct comparison is not possible. How can any of us be sure that the quotes are comparable and the offer made is fair for the work required.
- The Ombudsman has the order of calls incorrect, this may or may not influence his decision but is important as it outlines the need for the additional "missing" calls.

- The missing calls are convenient for UKI as they are detrimental to his claim but he believes his intent to make these calls along with their subject matter are evidenced in the conversations that are available.
- Whilst he accepts that I cannot make a judgement on information that isn't available to me, he is the only party to lose out by UKI's failure to provide the full picture.

my findings

I have reconsidered all of the evidence and arguments from the outset in order to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusions as set out in my provisional decision – and for the same reasons. I do not propose to repeat the findings in my provisional decision but would like to comment further on the response received from Mr D.

I have listened again to the phone calls and accept they are out of order. The first is the initial claim call, followed by a call to Home claims that evening and another the following day. In the second call the adviser said he worked for the associated bank but was nevertheless familiar with Direct Line policies and proceeded to give Mr D advice on how the claim would be dealt with. The third call was to Direct Line when it was agreed that its contractor would come out just to price the job.

In particular I found the advisers in the second and third calls to be very helpful, they set out precisely what the position was and more particularly that UKI would only pay up to the limit of what their contractor charged. Whilst Mr D anticipated that his own contractor would charge less, he was nevertheless warned in the third call that he would be liable to pay the difference if it was more. He also said that his main concern was to get the job done quickly as he had kids running around.

I accept that in the first call he was not advised that he could use his own contractor. Along with the confusion about whether his contractor had to be VAT registered, in my view this was the only 'poor service' he was given, and he was given precise and correct advice on both points in the second and third calls. I understand he made more calls but I do not think they were necessary to set up the claim or to arrange for the repair.

I have to decide whether in those missing calls he was told that UKI's contractor would price the job at market rates. I have to say I think it is unlikely. Mr D has said he is familiar with the heavily discounted rates charged to UKI, and this was accepted in the second call. UKI, along with most insurers will 'cash settle' a claim but only at the maximum its own contractors will charge. The contractor did go and look at the job. I accept that the contractor charges at a standard rate, this may well mean that in some jobs it is making a loss. The quotes cannot therefore be comparable. As long as UKI made it clear that it would only pay what its own contractor would have charged (which I am persuaded that it did) then it does not have to break down the cost further. Indeed it was not able to.

I consider that the payment offered of £220 is fair and reasonable.

my final decision

It is my final decision that I do not uphold this complaint.

Ray Lawley

ombudsman

PROVISIONAL DECISION

complaint

Mr D's complaint concerns the amount UKI have offered to pay for his claim for accidental damage to his patio door.

background

In September 2011 Mr D made a claim to UKI in respect of accidental damage to his glass patio door. After speaking to the claims team, it was agreed that he would get his own contractor to carry out the repair. This was subject to UKI's liability being limited to the amount it would be charged by its own contractor.

The cost to Mr D was £440. UKI stated that its own contractor would have charged £174, plus £100 for the cost of temporary boarding. There was an excess of £100. As UKI initially mislaid the claims calls, it offered a payment of £220.

Mr D was dissatisfied. He feels he was misled as he was told:

1. He had to use UKI's approved contractor, as detailed in his policy document
2. UKI's approved contractor's quote would be prepared using market rates
3. If using his own contractor they must be VAT registered.

He also complained that he was asked to pay the excess of £100 up front before UKI's contractor would order materials.

Our adjudicator upheld Mr D's complaint. She received only a brief quote from UKI which detailed that the cost was "*Standard Glass £145*" plus VAT. As UKI would not provide a more detailed quote she could not say whether it was reasonable, and that UKI should therefore pay the full amount of Mr D's contractor's invoice. She also felt that he was given conflicting advice and proposed a payment of £50.

my provisional findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

UKI has supplied copies of three phone calls, the first is the original claims call. The other two calls I believe were made on the following day. Mr D asserts that other calls were made, although I have to say that the three calls together make clear the position. To deal firstly with Mr D's three reasons for his dissatisfaction, in the first call he was told that UKI *preferred* to use its own contractor, although I accept that he was not told that he could use his own contractor. However as the next two calls said that he could, he was not really prejudiced by this. As for the other two reasons, it was made clear in the third call that his contractor did not have to be VAT registered. At no stage was there any mention of UKI's contractor using market rates.

It may well be the case that UKI's contractor insisted upon payment of the excess 'up front' but I see nothing wrong in that and it is standard practice. I believe that Mr D was concerned about the delays if he could not provide cash.

As for the cost of the work, Mr D accepted that if he used his own contractor, UKI's liability would be limited to the amount its contractor would charge. Indeed in the third phone call he recognised that the contractor would have the benefit of standard pricing with UKI. My view therefore is that UKI do not have to prove that their contractor's invoice was reasonable compared to market rates but that it is the amount it would have been charged. Since it has the benefit of fixed pricing with its contractor, I consider it is most likely that the amount of the quote is the amount it would have been charged.

Since Mr D had agreed that he would proceed on that basis, I consider that the proposed payment of £220 is fair and reasonable. If he wishes to accept this payment, I suggest he gets in touch with UKI direct.

my provisional decision

It is my provisional decision that I do not propose to uphold this complaint.

Ray Lawley
ombudsman