

complaint

Mr H complains that U K Insurance Limited ("UKI") gave him poor service and incorrect advice when he made a claim on his motor insurance policy.

background

Mr H's car was stolen and recovered on 8 September 2018. In the initial call between Mr H and UKI, its advisor told him his car would be written-off due to the extent of the damage to it. Mr H was given a hire car whilst the claim was verified. There were some problems in doing that, so the process took until 15 October 2018. Meanwhile, on 10 September 2018 UKI had told Mr H to advise the car's finance company that it was a total loss. In fact, UKI's engineers needed to check whether it was repairable or not first.

Mr H wasn't told the car *might* be repairable until 10 October 2018. His view was that the car wouldn't be safe to drive even if repaired given the nature of the damage done to it. There was a delay in getting the car inspected, and Mr H was given different accounts by UKI about the dates for the inspection. He was finally told by an engineer on 17 October 2019 that the car was repairable. Mr H said he wasn't going to have it back. On 7 November 2019 another inspection took place. UKI found more damage, but confirmed that the car was still repairable. Mr H insisted he wanted it written off.

Mr H complained to UKI about its total loss decision and various other issues. UKI accepted that there had been some delay and that Mr H was given the wrong advice about the car being written-off. It also accepted that there was confusion about the car's inspection. It offered Mr H £200 compensation. It didn't accept it had said he didn't have to pay the policy excess, or that it gave him the wrong advice about the car having a theft marker on it. UKI wouldn't agree to pay for the finance on the car for the time Mr H wasn't able to use it, as it had kept him in hire for the whole period. It said it thought the £200 it had paid Mr H was fair. But as it made an error in paying it into his bank account, it offered him a further £100.

Mr H wasn't satisfied, so one of our investigators reviewed his complaint. She thought UKI should pay him a further £100 (so £400 in total) for the delays and inconvenience caused by it. She noted that as it had started to deal with the claim as a total loss, it had asked Mr H for documents. He said he hadn't got the full V5 registration document back. As Mr H needed to pay for a replacement, she thought UKI should reimburse the £25 charge for that. Initially the investigator thought UKI should also pay Mr H a further £50 for the inconvenience caused by not getting the V5 back. UKI was able to show that it was sent to Mr H's address by recorded delivery and was signed for, so she no longer thought the extra £50 sum was appropriate.

In his reply to the investigator's view, Mr H said UKI should pay a lot more compensation. He raised new issues that the investigator said would have to be dealt with as a separate complaint. She said she'd already dealt with other issues Mr H mentioned. She didn't agree that she needed to hear all the calls between him and UKI to establish that it had given him the wrong advice. As there was no agreement, the complaint was passed to me for review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I think UKI's entitled to go through its usual process to validate a claim. I don't think it's necessary to go into all the details here, but I can see from the file that the process took longer than usual. It seems Mr H wasn't able to provide all the details UKI needed within a short time, so that caused some delay. But UKI accepts that it made a major error in advising him that his car was definitely a total loss at the outset.

I think that advice raised Mr H's expectations about getting a new car. It also caused him inconvenience. He contacted his finance provider for a settlement sum and also contacted the provider of the car's 'GAP' insurance policy. And it seems UKI processed the V5 document too quickly. There's evidence on the file that UKI returned the whole document to Mr H, but in two parts. It can't be established what happened to the second part. As Mr H got an incomplete document back, I think it's fair that UKI should pay for a replacement V5.

UKI's file shows that there was confusion in the claims-handling even after it realised that the car might be repairable. The car's final inspection didn't take place until November 2018. In the meantime there seems to have been a lack of clarity about dates and about which engineer would be making a decision. I think if UKI had handled this aspect of the claim better, Mr H wouldn't have become as frustrated as he did.

Despite the view of UKI's engineers, Mr H remained insistent that UKI should treat the car as a total loss. But under the policy, UKI has the right to decide how to deal with any claim. Our role is to look at whether it acted reasonably in doing so. Although there was around £9,000 of damage to the car, that was only around a third of its market value. In general a car is only treated as a total loss if the damage to it is likely to cost 60% or more of the car's market value to repair. So I think UKI's decision not to write the car off was reasonable.

Mr H's main concern was always that the car wouldn't be safe to drive once repaired. But in my view there's nothing to show that's likely to be the case. UKI told Mr H his car was going to be repaired at a dealership garage, not by the approved repairer it was initially sent to for repair. That change was made as UKI recognised the claim had been handled badly. There's nothing to suggest that the approved repairer couldn't have carried out repairs to a high standard. But I think most consumers would have even greater confidence in the quality of work carried out by a dealership garage. So I don't think Mr H's concern is valid.

Mr H has also argued that UKI should write the car off because that's what it first said it would do. But I don't think UKI should have to act on the basis of an error. In my view, the way to deal with the error is by paying compensation, and that's what UKI has done.

I don't agree with Mr H that UKI should pay for the finance charges on the car. The finance plan is between him and the finance company. And Mr H wasn't without a vehicle at any point. UKI kept him in hire for the whole period (until the car was repaired). So a payment for the loss of use of his car wouldn't be justified. Mr H says he paid extra for a guaranteed hire car. But the policy states that the benefit he bought only runs for 21 days, so UKI paid for the considerable extra time Mr H had a hire car.

I've listened to the call in which the policy excess was discussed. Mr H is mistaken in recalling that UKI said it wouldn't be payable. The advisor said it would be payable at two points during the call. But she also said Mr H's no claims discount wouldn't be affected by the claim, so I think it's likely that Mr H confused the two issues.

Mr H thinks UKI gave him the wrong advice about the 'marker' placed on the car following the theft. He didn't mention this to us initially, but UKI dealt with it in its final response letter. I

think the letter of 13 November 2018 UKI sent to Mr H about the issue was clear. UKI said the entry initially made against the car on the Motor Insurers Anti Fraud and Theft Register ("MIAFTR") was that it was stolen. UKI later had the entry changed to 'stolen recovered'. It said there wasn't a total loss marker against the car, as Mr H may have thought.

I haven't seen anything in UKI's notes that conflicts with what it said in the letter referred to above. If Mr H was given different advice at some point, I can see why he'd be unhappy about that. UKI apologised to Mr H if that had happened, despite having no record of it. And it has ensured the right details are recorded, so I can't see that Mr H has lost out.

In my opinion, UKI made a reasonable attempt to put matters right for Mr H by offering him £300 compensation for distress and inconvenience. But taking everything into account, I agree with the investigator that compensation of £400 in total would better reflect the extent of distress and inconvenience he faced. I think paying Mr H an extra £100 - plus £25 for the new V5 document - is a fair and reasonable way for UKI to settle this complaint.

my final decision

My final decision is that I uphold this complaint. I require U K Insurance Limited to do the following:

- Pay Mr H a further £100 (making £400 in total) for distress and inconvenience
- Pay Mr H £25 for a new V5 registration document

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 August 2019.

Susan Ewins
ombudsman