

complaint

Mr Y complains that Tradewise Insurance Company Limited did not offer him an appropriate cash in lieu settlement under his motor insurance policy.

background

Mr Y made a claim when a part was stolen from his vehicle. Tradewise offered to have Mr Y's car repaired by a dealership, which would have meant fitting a new manufacturer's part to it. Mr Y asked for cash in lieu of repairs instead. Tradewise offered him a lower sum than it would have paid the dealership for the repair. It deducted the policy excess of £1,000 and applied a further 20% reduction, reflecting the fact that an old part was being replaced and that Mr Y would pay less at a local garage than at a dealership for parts and labour.

Subsequently Tradewise withdrew the 20% reduction, and after deducting the policy excess, it offered Mr Y £896 cash in lieu of repairs, which he rejected. Tradewise then noted that the repair to the car had been completed, and said it would only reimburse the actual cost of that. It said Mr Y should not profit from an insurance claim.

Our adjudicator upheld Mr Y's complaint. In his view, Mr Y was entitled to the sum Tradewise would have paid the dealership to repair the car, less the policy excess and a 20% reduction (with interest added to the shortfall in the settlement sum that was initially offered to him) plus £100 compensation. Tradewise did not agree, so the complaint was passed to me for review.

I was minded to conclude that it would not be reasonable to expect Tradewise to pay Mr Y the sum it would have paid had the dealership completed the work. The repairs were carried out by Mr Y's friends and the part obtained abroad. Mr Y did not produce receipts. I was minded to conclude it would be reasonable for Tradewise to pay the sum it had offered should a part be located in the UK and the work carried out by a local garage. I asked the parties to comment on my provisional findings.

Mr Y said he had paid for fully comprehensive cover and that as Tradewise was willing to pay for a new part and a repair by the dealership, it should honour that commitment by giving him the equivalent sum as cash in lieu. Tradewise repeated that Mr Y should not profit from an insurance claim. As Mr Y had sourced the part from abroad (when it was available in the UK) he must have done so because it cost less. It was not fair that he failed to produce receipts. Tradewise offered to pay Mr Y £500 to settle the matter.

my findings

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

I remain of the view that it would not be reasonable to expect Tradewise to pay the sum it would have paid to the dealership. Mr Y decided not to have the repair carried out there and asked for cash in lieu of repairs instead, so we can be certain that he was not going to pay dealership rates. Tradewise agreed to pay cash in lieu, and in my view the sum it offered was reasonable, based on the principle that consumers should not profit from an insurance claim and that Mr Y was likely to have to pay around £896.

I appreciate that Tradewise considers receipts should have been provided for the work. It suspects Mr Y may have paid considerably less than he would have done had the part been bought here and the repair completed by a local garage, hence its settlement offer of £500.

We are unaware of the sum actually paid by Mr Y for the part or for the work, although I agree it does seem likely he would have paid less than £896. Mr Y has not disputed that assumption. Whilst I appreciate Tradewise's concerns, on balance I remain of the view that it would be reasonable for it to pay Mr Y the original sum it estimated to be appropriate. Tradewise must have been aware that Mr Y might have been able to negotiate paying a lesser sum for parts and labour, even in the UK, but it considered that sum to be fair offer.

I do not consider that interest should be added to the settlement sum, as Tradewise made a reasonable cash offer early on, in my view. Nor do I consider that the circumstances here justify a payment of compensation for inconvenience, trouble or similar issues.

my final decision

My final decision is that I uphold this complaint in part. I require Tradewise Insurance Company Limited to pay Mr Y £896 in lieu of repairs.

Susan Ewins
ombudsman