

## **complaint**

Mrs and Mr A complain about the way in which Tesco Underwriting Limited dealt with their claim, after their car was written off in an accident on 27 October 2016. They say:

- There was a delay in Tesco telling them the car was a category B total loss;
- Tesco didn't keep them properly updated about what was happening;
- Tesco renewed the insurance policy, even though it knew the car was a write off;
- Tesco undervalued the vehicle.

## **background**

Mrs and Mr A's car was assessed by Tesco's engineer on 1 December. He reported back to Tesco that the car was a category B total loss and therefore shouldn't be driven on the road. He valued it at £626 on the basis that it was in poor condition before the accident and had previously been a category D write off.

Tesco received the engineer's report on 5 December. It tried to contact Mrs and Mr A by sending a text and an email on 6 December and leaving further messages for them on 9 and 22 December.

In the meantime the car had been returned to Mrs and Mr A at their request on 7 December.

On 20 December the policy was renewed.

Mr A called Tesco on 23 December. Tesco says it told him the car was a category B write off during that call.

On 5 January 2017 there was a further call in which it became clear that Mrs A was still using the car and didn't want the salvage agent to collect it. Tesco emailed Mrs and Mr A the engineer's report.

Tesco accepted that the policy shouldn't have been renewed. It gave Mrs and Mr A the choice of using it on another vehicle or refunding the premium they'd paid.

Mrs and Mr A are still very unhappy about the service they received and the delay in telling them the car was category B and so shouldn't be used.

## **my findings**

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

Tesco has sent us its file for Mrs and Mr A's claim. The notes are clear and detailed. I accept that they provide an accurate record of Tesco's dealings with Mrs and Mr A.

I can see that on 6 December Tesco left a voice mail and sent a text and an email to tell Mrs and Mr A that their car was a total loss and had been valued at £626 (£376 after deducting the £250 excess). A further voice mail was left on 9 December and another on 22 December. Mr A then called the next day. The notes indicate that he agreed to send Tesco the registration document. So I'm satisfied that, by the end of the call, Mr A knew that they wouldn't be able to keep the car and that it could no longer be driven.

I consider that Tesco acted promptly to contact Mrs and Mr A after it received the engineer's report. Having taken reasonable steps to contact them, when it did get to speak to Mr A, it explained the situation to him. On that basis he agreed to and did return the V5, in anticipation of the car being collected by Tesco's salvage agents.

The notes show there were several other calls around 29<sup>th</sup> and 30<sup>th</sup> December relating to arranging payment and the value of the child seat that had been in the car at the time of the accident. I think these conversations also took place on the basis that the car had been written off and wasn't usable.

It may be that Mrs and Mr A didn't fully appreciate the significance of the category B designation until the salvage agent arrived to collect the car on 5 January. I think Tesco did all it reasonably could to keep them informed of the outcome of the engineer's assessment.

The engineer has set out the basis of his valuation and it is in line with the approach this service uses. The base line valuation of £1,220 has been calculated by reference to the trade guides. These are used throughout the industry as the most reliable indicator of a vehicle's market value. This is because they are based on sale prices actually achieved rather than advertised. The engineer has noted that overall the car was in a poor condition with an amount of pre-accident damage. He has deducted £580 for this, on the basis that this was half what it would have cost to do the repairs. He has deducted a further £134 to reflect the fact that the car had previously been a category D write off, and added £130 because the mileage was lower than the average.

I appreciate that this has been a costly and frustrating experience for Mrs and Mr A. I appreciate that they had hoped to keep their car and that, when it was clear that they couldn't, the settlement they received from Tesco would have made it very difficult to find another car at a similar cost. This is unfortunately the direct consequence of the accident that caused damage to the extent that their car couldn't be made safe to drive.

It's also unfortunate that the policy was due to be renewed around the time that Tesco was dealing with the claim and before it had had a chance to speak to Mrs and Mr A about the engineer's findings. But I think Tesco's offer to refund the full cost of the policy is fair.

### **my final decision**

On the basis that Tesco's offer to refund Mrs and Mr A the full cost of the policy renewed on 20 December remains open, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr A to accept or reject my decision before 7 April 2017.

Melanie McDonald  
**ombudsman**