

complaint

Mr B made a claim under his motor policy as his car caught fire when he was driving on a motorway. He has complained that Zenith Insurance plc wrote off his car without notifying him and he did not discover this until he tried to part exchange his car, a year later.

background

Mr B's car caught fire on the motorway as he was driving. He was able to extinguish it and the fire had appeared to have damaged a wiring loom. He submitted his claim to Zenith, who arranged to have an engineer inspect his car. The engineer it instructed believed the cause of the fire was due to an oil leak and he confirmed the wiring loom was damaged.

The engineer told Zenith that Mr B's car was a write off. However Mr B thought the engineer believed his car was capable of being repaired and he decided to withdraw his claim. He had his car repaired for under £130.00 and was completely unaware Zenith had written it off and deemed it a total loss.

The adjudicator who investigated Mr B's complaint recommended that it should be upheld. She was of the view that Zenith should have told Mr B it had decided to write off his car. Further given Mr B was able to repair his car for under £130.00, instead of the £3,206.88 estimate given by Zenith's engineer, Zenith should also remove the category D marker or alternatively deal with Mr B's claim and pay Mr B the market valuation of his car. She was also of the opinion that in view of the lack of notification to Mr B, Zenith should pay Mr B compensation in the sum of £250.

Zenith did not agree. Whilst it was eventually happy to pay the compensation, it would not deal with Mr B's claim, or remove the category marker from his car. It said that as there was no fire damage it would not consider the claim and that it would also not remove the category D marker as that was on central databases and it had a duty to ensure the write off of Mr B's car was properly recorded. Mr B also believed the compensation was inadequate given the refusal of Zenith to remove the category D write off. Therefore the matter has been passed to me to decide.

my findings

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

First I find that it is clear that Mr B's car suffered a fire which caused damage to its wiring loom. I also find it was reasonable for Zenith to instruct an engineer to examine the damage. However I find the fact that the engineer's report seemed to accumulate the substantial costs in the estimate for investigating matters involving the turbo as Zenith has now said, when it was not clear the turbo was actually damaged was not reasonable.

Mr B reports to Zenith in his telephone call after meeting with the engineer, that he believed the engineer was of the view that his car was repairable. As a result he told Zenith he would withdraw his claim and repair his car himself. Therefore Zenith returned his car to him so he could have it repaired.

As Mr B managed to have the actual damage caused by the fire repaired for under £130.00, I do not find that the engineer's estimate in this instance was reasonable, given Zenith's

further comments on the estimate. Further I find that it was not reasonable for Zenith to fail to inform Mr B's car was a write off when it knew from Mr B that he was going to have it repaired himself.

Mr B has said that he renewed his policy with Zenith a month later presumably when it knew it had deemed his car a write off or was just about to deem it a write off. The incident occurred on 10 March 2012, its engineer reported on 13 March 2013 and Mr B's policy was due to expire on 21 March 2013 and therefore I find that Zenith insured a car which it had deemed a write off and accepted the premium for a car it had deemed a total loss from Mr B.

Zenith has now said to the adjudicator, that in any event that it would not have covered Mr B's claim as there was no fire damage as its engineer's report was concerned with looking for a possible cause of the fire rather than any actual fire damage.

Therefore I find the situation Mr B has found himself in to be unacceptable. First his car was repaired for an amount that would have been below the amount of his excess payable for any claim. Secondly it now appears Zenith should not have registered Mr B's car as being a write off on the central databases so Mr B cannot sell it for its market value by way of part-exchange, based on what Zenith has now said to the adjudicator, concerning the extent of the engineer's estimate. Thirdly, Zenith continue to refuse to remove the car's write off category from the central databases despite agreeing it would have never paid for his claim, given the minor extent of the fire damage to his car.

Therefore I find that Zenith should now remove the category D marker from the central databases so Mr B can freely part exchange his car if he wants to do so. If it refuses to do that Zenith should pay Mr B the market value of his car as of the date of the incident, namely 10 March 2013 as it had deemed it a write off due to the fire damage.

I find that actions of Zenith have clearly caused Mr B some considerable frustration and therefore I find that Zenith should pay Mr B the sum of £250.00 compensation.

my final decision

For the reasons above it is my final decision that I uphold this complaint. I now require Zenith to do the following:

- Remove the category D from the central databases for Mr B's car.
- If it continues to refuse to do that, it should pay Mr B the market value of his car as at the date of the fire incident, namely 10 March 2013. Interest of 8% simple per annum should be added from the date of the registration of the category D marker to the date of settlement (less tax if properly deductible). In that case it should refund his premium for the 2013/2014 policy year. Interest of 8% simple per annum should also be added from the date the premium was paid to the date of settlement.
- Pay Mr B the sum of £250 compensation for the distress and inconvenience it has caused him.

Rona Doyle
ombudsman