

complaint

Mr C and Mrs L complain about the repairs that Advantage Insurance Company Limited (trading as Hastings Direct) carried out to their car and the inconvenience they experienced following a claim made on their motor insurance policy.

background

When Mr C and Mrs L's car was involved in an accident it was taken to a garage and repairs were carried out. Mrs L contacted Hastings telling it of some other damage she believed related to the accident. Hastings instructed an engineer to inspect the car and it was the engineer's opinion that the damage was not related to the accident. The car was returned to Mr C and Mrs L but they then suffered a breakdown. The breakdown report from the recovery company said that there was still unrepaired damage to the car. Hastings instructed another engineer to inspect the car and it was agreed that not all of the accident related damage was identified originally and as such, Hastings offered Mr C and Mrs L £5,325 for the pre-accident value of their car. Hastings also paid Mr C and Mrs L £1,190.61 for their financial losses and an additional £350 in compensation, but they did not think this was fair.

The adjudicator recommended that the complaint should be upheld. He thought that Hastings had caused unnecessary delays by not getting all of the damage correctly assessed early on. He thought that the valuation of the car and the compensation awarded was reasonable. However, Mrs L was forced to obtain alternative transport and he did not believe that £10 a day was sufficient to cover this. He thought that the car hired by Mrs L was cheaper than that she would have been able to hire from a rental agency and that this cost should reasonably be met by Hastings.

Hastings did not respond to the adjudicator's recommendation.

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 can understand that Mr C and Mrs L have been frustrated by their experience in having their car repaired following their accident. Hastings has accepted that it made errors and it has apologised for these. It accepts that when Mr C and Mrs L made their claim, it made errors in investigating the damage to their car which subsequently led to difficulty in establishing what damage was accident-related and what was not and this led to delays in concluding matters. This left Mr C and Mrs L without a car and they had to hire one that met their needs.

Hastings decided to resolve matters by deeming the car to be a total loss and paying Mr C and Mrs L its market value at the time of the accident, £5325, which was the highest valuation provided in the trade guides. This service's approach to car valuations is that we do not provide valuations for cars but seek to assess whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from motor-trade guides, which are used for valuing second hand cars. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and actual sales figures. The guides also take into account regional variations. We also take all other available evidence into account, for example, engineer's reports.

In this case, the adjudicator checked the trade guides and thought that the valuation that Hastings offered was fair and reasonable as it was the highest in the guides for Mr C and Mrs L's car. Mr C complains that the valuation was too low, although he initially accepted it. I have reviewed the trade guide valuations and I find that I agree that Hastings's offer is reasonable and I do not require Hastings to increase it.

Hastings has offered Mr C and Mrs L £1190.61 to cover some of their financial losses. I find this to be reasonable except for the payment made for loss of use of their car. We would usually expect an insurer to pay £10 a day for loss of use, and I note that Hastings has included in this sum £430 for 43 days loss of use at £10 a day. Hastings has said that Mr C and Mrs L were not entitled to a hire car under their policy and that they refused the courtesy car it offered. It said that it offered the loss of use payment as a gesture of goodwill in light of the costs that Mr C and Mrs L incurred in hiring a car.

However, I note that the courtesy car offered to Mr C and Mrs L did not meet their needs and so they hired a suitable car for a reasonable cost, less than would be charged by a hire company, thereby mitigating their losses. They needed to hire a car as their own was unroadworthy due to the poor repairs made by Hastings. As the need for them to hire a car was because of Hastings's errors, I find that the car hire costs should be considered a genuine loss rather than due a loss of use payment and that Hastings should reasonably restore Mr C and Mrs L's position by reimbursing them for their hire costs.

Mr C and Mrs L say that Hastings caused them significant distress during this claim, but I find that the £350 it has offered them in compensation for its delays and poor handling of their claim is sufficient redress for this as it is in keeping the award we would recommend in such circumstances.

my final decision

For the reasons above, it is my final decision that I uphold this complaint and I require Advantage Insurance Company Limited (trading as Hastings Direct) to do the following:

1. reimburse Mr C and Mrs L the costs of the hire vehicle they rented (less the amount already reimbursed for loss of use) on production of proof of payment
2. add 8% simple interest to this amount from the date of loss to the date of settlement (less tax if properly deductible)

Under the rules of the Financial Ombudsman Service, I am required to ask Mr C and Mrs L to accept or reject my decision before 20 February 2015.

Phillip Berechree
ombudsman