

complaint

Mr W complains about poor claims handling by Acromas Insurance Company Limited ("Acromas") when his car was badly damaged in an accident and he claimed under his motor insurance policy with Acromas.

background

I issued a provisional decision on this complaint on 26 June 2019. Mr W said he had no further points to make. Acromas said it would accept my provisional decision.

my findings

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

As neither Mr W nor Acromas has provided any fresh information or evidence in response to my provisional decision, I find no basis to depart from my earlier conclusions.

my final decision

My decision is that I uphold this complaint, and order Acromas Insurance Company Limited to pay Mr W, for the distress and inconvenience he suffered, compensation of £300, inclusive of the £150 it has already offered, and in addition to the £15 road tax it has refunded.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 9 August 2019.

Lennox Towers
ombudsman

COPY OF MY PROVISIONAL DECISION OF 26 JUNE 2019

complaint

Mr W complains about poor claims handling by Acromas Insurance Company Limited ("Acromas") when his car was badly damaged in an accident and he claimed under his motor insurance policy with Acromas.

background

In the middle of May 2018, Mr W and his wife were on holiday in Europe when their car left the road, hit a phone mast, and tumbled into a field. Fortunately, Mr and Mrs W weren't injured, but their car was badly damaged. It was recovered to a local garage.

Mr W contacted Acromas who confirmed it would provide £500 of emergency travel expenses to get them home. Acromas accepted Mr W's offer to return to the local garage and obtain information needed for the claims process, including the cost of repairing the car.

The garage said the car couldn't be repaired and so repair costs couldn't be provided. Acromas said it would be sufficient if Mr W got a letter from the garage confirming the car couldn't be repaired together with a copy of the inspection report on the car. Mr W got these and passed them on to Acromas, along with the V5C vehicle registration document, when he returned to the UK on 18 May 2018.

Acromas also asked Mr W for the purchase receipt from when he bought the car some 18 months previously. However Mr W said he didn't have this – he thought it was still in the car. He did provide a copy of the signed purchase order for the car and a copy of the receipt for the deposit he had paid.

Acromas's claims department then started to deal with his claim. They again asked for the purchase receipt, and he explained why he couldn't provide this. He did supply a copy of his bank statement as proof of payment. They also wanted to check the repair costs were at least 60% of the manufacturer's list price. He reminded them of the information he had obtained from the garage at Acromas's request.

Under Mr W's policy, he was entitled to have his car replaced with a new car of the same make and model if certain conditions were satisfied. Acromas told him at the end of May 2018 that it would process his claim on this basis once it had the necessary documents. The particulars for this included that:

- his car was damaged and the cost of repair would be more than 60% of the manufacturer's list price (including vehicle tax and VAT) at the time of the damage;
- his car wasn't more than 24 months old from date of first registration;
- Mr W was the first registered keeper; and
- the car's mileage wasn't more than 12,000 miles.

It seems that on 18 June 2018 Acromas wasn't satisfied on the information it then had that these conditions were satisfied. So it told Mr W that it would only offer the market value of his car before the accident, which it assessed at £14,640. Mr W wouldn't accept this and complained to Acromas.

He managed to get a receipted order form from the supplier of his car, which he passed on to Acromas, and finally on 2 July 2018 Acromas accepted that Mr W qualified for a replacement new car under the policy. Mr W had by this time ordered a comparable replacement new car at a cost of £16,983, and on 4 July 2018 Acromas agreed to reimburse him this amount under the policy.

After Acromas had agreed to pay Mr W, there was then a further delay before he received the payment. He also thought that as Acromas had had his V5C document since May 2018 it would have notified DVLA of the car's loss so that DVLA would process a refund of his road fund tax. However he found out this hadn't been done. So he only received one month's refund (£2.50) from DVLA instead of the six months (£15) he was expecting.

Mr W complained to Acromas about the delays in its process. Acromas paid him £75 compensation for asking for some information after it had already received it, and a further £75 for delay in paying him the replacement new car cost. It also refunded the £15 he said he was out of pocket from DVLA.

Mr W complained to us. He said the whole process, from the date of the accident until this final reimbursement of road tax, had taken some five and a half months. He thought this was far too long, and could have been concluded in a couple of weeks. He had to pay for his new car himself before being reimbursed. He was repeatedly asked for information he had offered or already provided, or had told Acromas he didn't have.

The whole procedure had been unnecessarily stressful, and the delays in being able to replace his car had caused him inconvenience. He thought the £150 compensation he had been offered was wholly insufficient.

Our investigator didn't recommend that this complaint should be upheld. She said there had been some delay before Acromas accepted that the requirements for "new for old" replacement had been met. Acromas had offered compensation of £75 for this, which she thought was reasonable.

Acromas also acknowledged that a systems error meant payment of his claim was made to Mr W some 7 days after it should have been. Acromas had apologised and offered a further £75 compensation for this, which she thought was reasonable.

The investigator said she wouldn't expect an insurer to deal with DVLA regarding the refund of road tax. However in addition to the £2.50 Mr W received back from DVLA, Acromas had paid him £15 which she thought was fair.

Mr W responded to say, in summary, that:

- he supplied enough information earlier for Acromas to settle his claim;
- it was unreasonable for Acromas repeatedly to ask for the purchase receipt until he managed to get the supplier of the car to send a copy of the receipted order. If it was a required document he thought Acromas could have asked the local garage to check the car for it;
- he explained at the outset that the local garage declined to supply a repair estimate, but Acromas continued to ask for this information;
- Acromas hadn't compensated him for the stress of the five and a half months he spent dealing with his claim;
- it was unfair that he had to buy his replacement car before his claim was settled; and
- he thought Acromas were intentionally delaying his claim and offering market value instead of replacement value for his car.

my provisional findings

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

Mr W and his wife are both elderly. So the accident and its aftermath were quite traumatic for them. That being so, I would have expected Acromas to make particular efforts to guide them through the claims process. I don't think Acromas did as well in this respect as it could have.

That said, there were two aspects of this claim which made it more complicated than usual. First of all the accident happened in a foreign country, and the car remained with a local garage there. That meant it was always going to be more difficult for Acromas to get the information it needed about the state of the car. The network of engineers that it would normally call on in this country wasn't available.

Secondly, Mr W's car was relatively new, and under the terms of the policy he was entitled to a "new for old" replacement rather than just its market value at the time of the accident. This was a valuable benefit – In Mr W's case it increased the value of his claim by more than £2,300. However there were conditions under the policy terms, which I have referred to above, which had to be met.

An insurer is entitled to set out in its policy the terms that apply for payment of any benefit. In this case there were two requirements of Acromas in relation to such claims which caused difficulties:

- it wanted to see the original purchase invoice for the car; and
- it wanted to be satisfied that the cost of repairing the damage would be more than 60% of list price.

Mr W explained at the outset that he didn't have the purchase invoice, but Acromas repeatedly asked for this. Eventually he managed to produce a receipted order from the supplier of the car, which Acromas accepted. I think Acromas could have engaged earlier with Mr W to try to come up with an acceptable way round the difficulty.

Again, Acromas persisted in trying to get a repair estimate for the car when it was clear from the outset that the local garage wouldn't produce this. Without this, Acromas wouldn't offer a "new for old" replacement. So it offered Mr W market value instead. I don't think this was a deliberate ploy by Acromas to reduce the claim - it just wasn't satisfied at that stage that its requirements were met.

After Mr W complained, a member of Acromas's complaints department became involved, and the handling of the claim improved. This was nearly five weeks after the accident. Acromas decided that if it had photos of the damage to the car this might suffice instead of a repair estimate. Mr W had offered these immediately after the accident, but Acromas had declined them.

Once Acromas had these it accepted that "new for old" replacement would apply and on 2 July 2018 it agreed a settlement figure with Mr W. Because of a systems failure there was a short delay in paying this but Mr W has confirmed that payment was received in his bank account on 13 July 2018.

Mr W felt he had to get on and order a replacement car while this was going on. He took delivery, and paid for, this car on 10 July 2018. While there was a short period that he was out of funds I don't think this is something I can reasonably require Acromas to compensate him for. I think it was always unlikely that the payment of the claim and the purchase of the replacement car would be matched exactly.

I think Mr W's claim was substantially settled when the claim was paid, which was some two months after the accident. I know there was then the issue of the refund of road tax, which Mr W raised with Acromas in September 2018. But I think the claim was in practice settled by mid July 2018.

Road tax refund is something that would normally be for the policyholder to deal with directly with DVLA. Acromas had retained the V5C for the car from the outset. Acromas says this wasn't actually needed by Mr W to reclaim the road tax. But in the circumstances I think Acromas should have pointed this out to Mr W so that he could make his reclaim earlier.

Acromas has refunded the full six months of the road tax from the date of the accident. I think this is reasonable and don't require it to do anything more in this respect.

It took Acromas two months to settle Mr W's claim. Mr W says it could all have been dealt with in a couple of weeks. As I have mentioned, there were particular difficulties in this claim which meant that was always going to be challenging.

Nevertheless, I think Acromas could have done more to engage with Mr W at the outset and guide him through the process, as it did latterly when its complaints department became involved. Its failure to do so lengthened the process, and caused Mr W distress and inconvenience.

Acromas has offered Mr W compensation of £150 in total, plus the £15 refund of road tax. I think the appropriate compensation for the distress and inconvenience Mr W suffered is £300, rather than £150, plus the £15 refund of road tax.

my provisional decision

For the reasons I've explained, but subject to any further comments and evidence I receive from either Mr W or from Acromas by 10 July 2019, I intend to uphold this complaint.

I intend to order Acromas Insurance Company Limited to pay Mr W, for the distress and inconvenience he suffered, compensation of £300, inclusive of the £150 it has already offered, and in addition to the £15 road tax it has refunded.

Lennox Towers
ombudsman