

The complaint

Miss P complains that Berkshire Hathaway International Insurance Ltd treated her unfairly in the way it handled her car insurance claim.

What happened

Miss P made a car insurance claim after her car was stolen from outside her partner's home. She's unhappy that Berkshire Hathaway cancelled her policy when the claim was made, only to reinstate it later and ask her to pay the remaining premium in full. Miss P says she wasn't given the option of paying in instalments and this caused her financial difficulty.

Miss P adds that the insurer made an error with its claim decision, provided a poor service to her when she tried to make contact and caused delays. Miss P says this has affected her financially, as she's had to take time off work, she had to live away from home during the claim and that she wasted time attempting to collect the car. Miss P also says she was unfairly charged £600 excess when she was informed by Berkshire Hathaway that it would be £350.

Berkshire Hathaway didn't uphold Miss P's complaint. The insurer said it cancelled the policy as a protective measure to avoid any potential liabilities whilst the car was stolen. The insurer explained that the excess Miss P was charged was accurate and apologised for any delays to the claim. Miss P remained unhappy and asked for this service to review her complaint – she wants Berkshire Hathaway to pay her £400 compensation.

Before one of our investigators issued their view, Berkshire Hathaway offered to refund Miss P £250 from the excess she paid, as it identified it had made an error in the advice it gave her. Our investigator felt this was fair and added that, although the insurer had made some errors, he concluded that Berkshire Hathaway need not do anything more – this was given the fact that Berkshire Hathaway had paid the claim despite identifying a valid reason to decline it. So the investigator felt that Miss P had received a far more favourable outcome than what the investigator would've awarded in potential further compensation.

Miss P didn't agree, so the complaint has been passed to me to decide.

What I've decided – and why

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

Having done so, I also think that Berkshire Hathaway's offer to refund £250 of the excess Miss P paid is a fair way to resolve this complaint. I'll explain why.

Upon notification of Miss P's claim, Berkshire Hathaway decided to cancel the policy. The insurer says that this is so it could protect itself and Miss P from any potential liabilities. I don't find this unreasonable. At the time, there was no knowing what had happened to Miss P's car and what further incidents could occur, so I think it was reasonable that the insurer took steps to protect itself and Miss P from any liability.

Miss P is unhappy that, when her car was found and the policy reinstated, Berkshire Hathaway asked her to pay the full remaining premium. Miss P says this caused her financial difficulties. Although the insurer initially said that full payment of the premium is standard in these circumstances, it recently recognised that it should've offered a new payment schedule to Miss P. I'd normally consider whether Berkshire Hathaway should pay Miss P compensation for the impact of its error. But for the reasons I'll explain later, I don't think it would be fair to do so.

Miss P says the insurer caused unreasonable delays to her claim. This meant she was without her car for longer than required. Berkshire Hathaway hasn't been able to confirm whether Miss P was given a courtesy car around the time. But I've looked at the duration of the claim and I can see from the details the insurer provided, that it had taken around a month after the insurer collected the car for it to be ready to be returned to Miss P. I don't find this to be an unreasonable amount of time and I haven't seen anything that makes me think that Berkshire Hathaway unfairly delayed the claim.

Looking at the terms of Miss P's policy, it seems she was indeed correctly charged £600 excess. Miss P's policy had a voluntary excess of £250, a compulsory excess of £100 and a £250 young driver's excess – which Miss P needed to pay given her age around the time of the claim. However, I've listened to a copy of a call Miss P had with Berkshire Hathaway, during which it seems she was wrongly advised that she wouldn't have to pay the young driver's excess. The insurer has accepted it made an error here and has offered to refund the £250 young driver's excess Miss P paid. I think this is a fair way to resolve this part of her complaint.

Miss P has also raised other concerns – that the insurer didn't return her calls as promised, that she was left living elsewhere during the claim and that she had to make several wasted trips in attempts to collect her car. We asked Miss P for more information around these comments, but we didn't hear back from her. And I haven't seen anything else that makes me think all these issues occurred because of something Berkshire Hathaway did wrong.

At one point during the claim, Berkshire Hathaway decided that it wouldn't pay the claim at all – the insurer relied on the fact that a door in Miss P's partner's home was left unsecured. So Miss P would've likely needed to cover the costs of the repairs herself. Berkshire Hathaway says that its repairer had incorrectly begun repairs, so it felt a fairer approach would be for it to continue the repairs and cover the costs.

Berkshire Hathaway has shown us that the overall costs of the claim totalled around £3,800. So I agree that Miss P has been placed in a more favourable position, given she's been covered for a claim that the insurer seems to have had valid reasons not to accept. Moreover, the claim value far exceeds any further compensation I may have awarded, had the claim not been paid at all.

So for that reason, although there does seem to be some errors on the insurer's part, it seems to me that Miss P has benefited substantially by having her claim covered to the value of several thousands of pounds - despite the insurer appearing to have cause not to pay the claim at all. So I won't be asking Berkshire Hathaway to pay anything more than what it has already offered to pay Miss P.

Putting things right

Berkshire Hathaway acted unfairly when it gave Miss P incorrect information about the excess she would need to pay. The insurer has offered to reimburse Miss P the £250 it said she wouldn't have to pay. If Miss P accepts my decision, Berkshire Hathaway should refund this amount to her.

My final decision

My final decision is that Berkshire Hathaway International Insurance Ltd has offered a fair resolution to this complaint. If Miss P accepts the offer, Berkshire Hathaway International Insurance Ltd should pay her £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 12 December 2022.

Abdul Ali
Ombudsman