

The complaint

Mr P has complained about the way Wakam handled his claim under his Taxi Insurance policy.

Wakam is the underwriter (insurer) of this policy. Much of this complaint concerns the actions of its appointed agents. As Wakam is accountable for the actions of its agents, in my decision, any reference to Wakam should be interpreted as also covering the actions of its appointed agents.

What happened

Mr P's car, which he uses as a taxi, was damaged in an accident. He contacted Wakam to claim for the damage. Wakam arranged for Mr P's car to be repaired at one of its approved repairers. Mr P has said he was told by the approved repairer it would take five or six weeks to repair his car and that he was promised a replacement vehicle that he could use as a taxi when his car was in for repair. He's said he had to postpone the repair on a couple of occasions, as when his car was due to go in he was told a suitable replacement vehicle wasn't available.

Mr P complained to Wakam, but didn't get anywhere; so he asked us to consider his complaint. While we were considering his complaint Mr P decided to get his car repaired by his own repairer, as its MOT was due imminently and he was concerned it would fail if the repairs weren't carried out and he'd have to stop working. The repairs cost £3,657.60 and Mr P has provided us with a copy of the invoice.

One of our investigators considered Mr P's complaint. She said he wasn't entitled to a replacement vehicle he could use as a taxi under the terms of his policy. So she felt Wakam had fulfilled its obligations by arranging for Mr P's car to be repaired. She agreed Wakam's communication had been poor and suggested it should pay £150 in compensation for the distress and inconvenience this had caused to Mr P.

Mr P wasn't happy with our investigator's view and asked for an ombudsman's decision.

I issued a provisional decision on 15 January 2024, in which I set out what I'd provisionally decided and why as follows:

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've provisionally decided to uphold Mr P's complaint and make Wakam pay for the repairs to his car and pay him compensation for distress and inconvenience. I've explained why below.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of Mr P's complaint.

It seems when Mr P called Wakam to make his claim it failed to explain to him that under the terms of his policy he wasn't entitled to a replacement taxi while his car was in for repair. And this led to Mr P postponing the repairs when he found out a replacement wasn't available. I don't think he'd have done this and instead would have let Wakam's approved repairer repair his car if Wakam had explained the policy terms to him correctly. The issue was made worse by poor communication by Wakam following this, as Mr P wasn't clear on what was happening and what he needed to do. So I think if Wakam had been clear in its communications Mr P's car would have been repaired some time ago and he would just have had to pay his normal policy excess.

In view of this, now that he has had the repairs carried out by his repairer, I think it is fair and reasonable for Wakam to pay for these, less Mr P's normal policy excess. The repair invoice he has provided seems reasonable. So I think Wakam should pay him this amount, less the normal excess (£500), i.e. £3,157.60.

I also consider Wakam's poor communication and handling caused Mr P a great deal of distress and inconvenience. And I think Wakam should pay him £300 in compensation for this.

I do not think Wakam needs to pay Mr P anything for the earnings he lost while his car was in for repair. This is because if his car had gone to Wakam's approved repairer it would have been off the road for a similar period to when it was with his repairer and he would not have been entitled to a replacement taxi under the terms of his policy.

I gave both parties until 29 January 2024 to provide further comments and evidence. And neither party has provided any further comments and evidence.

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.

As neither party has provided any further comments or evidence I see no reason to change my view on what the fair and reasonable outcome to Mr P's complaint is as set out in my provisional decision.

Putting things right

For the reasons set out in my provisional decision dated 15 January 2024, I've decided to uphold Mr P's complaint and make Wakam do the following:

- Pay Mr P £3,157.60 in settlement of his claim.
- Pay Mr P £300 in compensation for distress and inconvenience.

My final decision

I uphold Mr P's complaint and order Wakam to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 February 2024.

Robert Short
Ombudsman