

The complaint

Mr L complains about the way Tesco Underwriting Limited has handled a claim he made on his car insurance policy.

What happened

In early 2023 Mr L made a claim on his Tesco car insurance policy. An object had hit his windscreen causing a large crack to form. Tesco accepted the claim but had issues sourcing the right colour tinted windscreen for Mr L's car.

There was some back and forth around this for some time, and ultimately Tesco provided two options; it would replace the windscreen with a different coloured tint and offered a 50% contribution to have the other windows changed to match it. Or it would have the car assessed to determine its market value. It said it was likely the overall repair cost it had offered (which was nearly £2,000) would be greater than the market value, and if that was the case, it could deem the car a total loss and Mr L could retain the salvage.

Mr L complained. He said he was initially told Tesco would replace all of the windows to match, so this is what he wanted. Or he said he'd accept the car being a total loss as long as the market value was given in line with the examples of car adverts he'd provided.

Tesco didn't agree to change its position on the windows. So a complaint was brought to this service. As well as wanting Tesco to replace all of the windows in his car, Mr L wanted Tesco to reach out to other policyholders to notify them of issues surrounding the sourcing of glass.

Our investigator didn't think Tesco's offer of a 50% contribution to the undamaged windows was reasonable. She noted Tesco had wrongly confirmed to Mr L it would pay to replace all of the windows. But she felt £300 compensation offered by Tesco was enough to reflect the inconvenience caused by this.

She said she couldn't compel Tesco to declare the car a total loss, but if it did, then based on the industry guides used to assess market value, she was satisfied a value of £3,900 was reasonable.

Tesco said it couldn't agree to that valuation as it hadn't had an opportunity to assess the car. It did contact Mr L to arrange an inspection, but it seems there was a miscommunication about why this was needed and so he didn't agree. Tesco said until it had looked at the condition of the car and the mileage, it couldn't agree to a valuation. So it asked for an ombudsman to decide the case.

Mr L accepted the assessment of the total loss of the vehicle but remained unhappy with the compensation offered. He said he's spent hours if not days contacting suppliers to replace the windows and this had been ongoing for months. He said whilst he was told the car was safe to use, he was worried about doing so. So he'd had to take his car off road whilst this was sorted.

In February 2024 I issued a provisional decision on this case. As this forms part of my decision, it is copied below.

What I've provisionally 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.

It isn't the role of this service to decide how insurance claims should be settled. Our role is to review whether Tesco has given Mr L a fair response to his complaint. Having considered everything, I'm satisfied the offer it gave Mr L in its final response was a reasonable one, so I'm not going to ask it to do anything differently, I've explained why below.

It's not in dispute that the particular colour tint of Mr L's car windows no longer seems readily available. This isn't Mr L's fault, but neither is it Tesco's. The car is over 15 years old; it's not unreasonable that some parts may be difficult or impossible to source now. I appreciate it's a frustrating and disappointing position for Mr L to be in, but if Tesco is unable to replace the windscreen like for like, we'd expect it to make a reasonable offer under the policy, which I think it's done.

Under the policy, Tesco says it will pay the cost of repairing or replacing a damaged window. It has agreed to replace the damaged window, but it hasn't been able to provide an exact replacement. There is nothing under the policy that says it will replace undamaged windows. And the policy doesn't say that if an exact match can't be found for the insured damage, it will replace all of the windows in the vehicle. Tesco has said it will pay to replace the windscreen in a different colour tinted glass, and it will also contribute 50% towards the cost of Mr L replacing the other, undamaged, windows to match. I think this is fair in the circumstances.

There's no dispute Mr L was initially told Tesco would cover the cost of replacing all of the windows. Tesco has since said this was an error. Mr L said it seemed from the phone call this information was even checked with a team leader, which is disappointing from Tesco's perspective. However, given what the policy says, I'm satisfied it was incorrect information he was given. We wouldn't generally consider it fair or reasonable to require a business to make a payment because it mistakenly said it would do so. Our approach when a business does something wrong, is to put Mr L back in the position he'd have been in, had the error not occurred.

So in this case, Mr L should be put in the position he'd be in if he'd been correctly told about what Tesco would cover under the policy. Which is that Tesco would offer a contribution to the other windows or assess the car's market value to see if it should be a total loss. As this has been done I'm satisfied Tesco has been reasonable.

This service also expects, where errors happen, that Tesco pays compensation to reflect the distress and inconvenience caused by giving the wrong information. I'll come back to this point later once I've addressed Tesco's other option provided to Mr L.

Tesco said given the cost of replacing the windscreen and offering 50% for the others, it might be that the cost exceeds the market value of the car. It said to provide an accurate valuation, it offered to assess the vehicle and if it said the car was a total loss, Mr L could retain the salvage.

There's been a dispute as to who raised this as an option first, from what I've seen Mr L and Tesco don't agree on this. However, in its complaint response, what Tesco was offering to do was assess the market value of his car. It did say in a phone call it expected this to be

around £2,000. Mr L provided adverts with much higher valuations on similar cars. But ultimately, because the car hasn't been inspected yet, Tesco hasn't made an offer as to the value of the car. It's made an offer to inspect it and consider it a total loss if the cost of repairs exceeds the market value, which I think is a fair and reasonable outcome. So I'm not going to make Tesco do anything differently.

Our investigator did her own research and she felt a valuation – based on the mileage provided by Mr L - would be around £3,900. But it isn't appropriate, at this stage, for this service to make a finding on what a fair market value would be. We can check if Tesco made a reasonable offer on the market value by assessing the trade guides available to us, but I don't think a reasonable outcome to this complaint is to say what Tesco should pay for the market value when it hasn't yet had chance to assess the car. Tesco has rightly pointed out that the car may have other damage or features which would change its market value. So if Mr L wants to pursue this option, he'd need to allow Tesco to assess the vehicle.

It's important to set out that I'm not requiring Tesco to write off Mr L's vehicle, because I consider its offer of replacement to be a fair and reasonable one. So if Mr L wants to pursue the write off, he may do so. But I wouldn't expect Tesco to agree to write off the car if the market value far exceeds the offer it's made of around £2,000 to replace the windscreen and contribute toward replacing the undamaged windows.

Mr L has said his car wouldn't have passed its MOT, so he's declared it as off-road. I'd expect Tesco to assist Mr L in assessing the vehicle if he chooses this option. But as set out above, I'm not going to ask Tesco to pay a specific amount. I realise this will be frustrating for Mr L to hear at this stage.

It's clear Tesco has made mistakes in this case. It has offered £300 to recognise this. Mr L says this doesn't go far enough as he spent hours if not days chasing up suppliers. He also said this has been going on for a number of months and he's been without the use of his car during that time, as he was concerned about driving it with the crack in the windscreen. I don't doubt Mr L's effort in sourcing the windows, and agree this is inconvenient, and something he wouldn't have needed to do if Tesco had given correct information. But I'm satisfied the £300 offered by Tesco is a fair offer and in line with our awards for distress and inconvenience. I can understand Mr L's concern at using the car with the windscreen cracked. But having considered everything I'm satisfied that from June 2023 Tesco had corrected its mistakes and made a reasonable offer to move things forward, so I can't hold Tesco responsible for the car being off road since that time. So overall, I don't think it needs to pay anymore compensation.

I understand Mr L's point that other Tesco policyholders might be affected by any challenges in replacing windscreens. It isn't the role of this service to tell Tesco how it should interact with its policyholders going forwards. However, under the dispute resolution rules, Tesco are bound to learn from the decisions of this service. I hope that provides some reassurance to Mr L.

My provisional decision

My provisional decision is that Tesco has made reasonable offers, so I'm not going to require it to do anything differently. It is up to Mr L to decide how he wants to proceed.

Response to my provisional decision

Tesco didn't provide a response. Mr L asked why it had been escalated to an Ombudsman when he'd broadly accepted the Investigator's findings. He also said given the car was now

off road there were issues such as a flat battery and he couldn't have the vehicle cleaned before any valuation. He said this hadn't been considered in my provisional decision.

Our Investigator clarified with Mr L that the reason the complaint was passed to me to decide was because Tesco didn't accept the Investigator's outcome, which it is entitled to do.

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 haven't been provided with anything that changes my opinion about how this complaint should be resolved.

I understand Mr L's car has now been off-road for some time. He says there are issues with the battery and having it cleaned before any valuation inspection is carried out. As set out in my provisional decision, I'm satisfied Tesco made a reasonable offer to move things forward in June 2023. So I can't hold it responsible for the car being off-road since that time. So I wouldn't expect Tesco to pay for any work needed to the battery or the cleaning of the car. But if Mr L isn't able to get the car to Tesco given these issues, I would expect it to assist him by sending someone to the location of the car to decide on a valuation, if that is what he chooses.

Mr L also said he had concerns that Tesco would give a low valuation [if he chooses this option], based on what it had said to him previously. As set out in the provisional decision, Tesco hasn't yet valued the car. It appears to have said that it thought the car might not be worth as much as the offer it had made to replace the windows. But it hasn't given a valuation. And in any event, it doesn't matter what the outcome of any total loss valuation is, as I feel the current offer to replace the damaged window and offer a 50% contribution to the others is a fair resolution to this complaint.

I also consider £300 compensation is sufficient for the distress and inconvenience caused in giving incorrect information initially, so if it hasn't done so already, Tesco should pay this amount to Mr L.

My final decision

My final decision is that Tesco Underwriting Limited has already made a fair offer to pay for the damaged window and 50% towards the undamaged ones. It has also offered to assess Mr L's car as a total loss. So it is up to Mr L to decide which one to pursue.

Tesco Underwriting Limited has also already made a fair offer of £300 for distress and inconvenience caused. If it hasn't done so already, this should be paid to Mr L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 April 2024.

Michelle Henderson
Ombudsman