

The complaint

Mr I complains about Wakam's poor handling of his claim following an accident and then theft of his car, under his commercial motor insurance policy.

What happened

In mid-March 2023 Mr I was involved in a car accident. He says he was hospitalised as a result. He contacted Wakam to make a claim. He was initially told there was no record of his policy. The business later advised him that he was insured. Before again telling him he didn't have cover. Around a week later Mr I says he received an email from Wakam apologising for the conflicting information. It confirmed he did have insurance in place, and this was until April.

Mr I says Wakam told him it was recovering his car immediately. But this didn't happen. On 30 March 2023 he says the business told him its recovery agent couldn't locate the vehicle. It was subsequently determined that Mr I's car had been stolen. He says this delayed his claim as statements had to be taken by the police. Mr I says it was always down to him to chase the progress of his claim with Wakam.

Mr I says he asked Wakam for a rental car, but it didn't provide one. It eventually offered him a settlement payment in July 2023. Mr I thought this was too low. An increased payment was then offered in October, which he accepted. Mr I says he lost his job as a delivery driver as the parcels he had in his car at the time of the incident couldn't be returned. He asks that Wakam compensate him for the income he lost and for the inconvenience and distress it caused him.

Wakam emailed Mr I to acknowledge his complaint on 23 June 2023. But he didn't receive a final response. The Financial Conduct Authority dispute resolution or DISP rules give a regulated business eight weeks to respond to a complaint. If a response isn't provided within this timeframe the complainant has the right to refer the matter to our service. This is what Mr I did here. We asked Wakam to provide information to show how it had handled his claim. But it didn't respond.

Our investigator upheld Mr I's complaint in part. She says there were two weeks between him informing Wakam of his claim and its attempt to recover his car. However, she says it wasn't known when the theft occurred exactly. Because of this she didn't think Wakam was responsible for Mr I losing his job as a delivery driver.

Our investigator thought seven months was a long time for Wakam to settle Mr I's claim. She says that at the time of issuing her findings Mr I hadn't yet received this payment. Because of the inconvenience and distress Wakam's handling of his claim had caused she says it should pay Mr I £300. In addition, it should pay 8% simple interest from the date Mr I accepted its settlement payment until this was paid.

Mr I accepted our investigator's findings. Wakam didn't respond.

I issued a provisional decision in February 2024 explaining that I was intending to uphold Mr I's complaint. Here's what I said:

provisional findings

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 my intention is to uphold Mr I's complaint. Let me explain.

Wakam didn't respond to our request for information. So, I've relied on the information Mr I provided when considering what happened here.

Mr I provided records of the contact exchanged between him and Wakam. This shows he contacted the business at the end of March 2023. He'd received a message to say the recovery agent hadn't been able to locate his car. Wakam told Mr I it had enquired with the local council. The council advised it hadn't collected the car and didn't know of its whereabouts. Mr I told Wakam on 30 March that he'd visited the location of the incident. He then contacted the police to report the car stolen.

I can see Mr I informed his employer of his accident and received an emailed response on 23 March 2023. This told him to contact his insurer. An email sent a week later confirms that Mr I's employment as a delivery driver had been terminated. This is because he hadn't returned the undelivered parcels that were in his car at the time of the accident.

On 23 June 2023 Wakam contacted Mr I to acknowledge his complaint. It says that it was in the process of contacting the witness to the accident. It also refers to another party it was contacting. My understanding is that this is the other driver involved in the collision. Wakam advised that its enquiries with the police were ongoing.

The records Mr I has provided show he regularly contacted Wakam to chase progress on his claim. The business doesn't appear to have been proactive in updating Mr I. Progression of the claim also appears to have been very slow.

Wakam wrote to Mr I on 4 July 2023. It says it had now completed its investigation and that it has accepted his claim. In its letter Wakam says its engineers have now inspected Mr I's vehicle and determined it to be a total loss. This isn't accurate as the car had been stolen, so no inspection had taken place. The letter then explains that it valued Mr I's car at £8,360. This is the settlement amount it was offering less his policy excess.

I can see that Mr I didn't think this was a fair valuation. He appealed the settlement offer. Wakam responded on 3 October 2023 with an increased offer of £8,750. Mr I accepted this. He explains that his car was paid for using a finance arrangement. He says this meant part of the settlement was paid directly to the finance company. The remaining amount was paid to him.

It's disappointing that Wakam hasn't provided information relating to Mr I's complaint. The basis of the claim changed when it was identified that the car had been stolen. It's reasonable to expect Wakam needed to investigate to satisfy itself that this was a genuine claim. But I've no information to show what steps Wakam took to do this. Or why a settlement payment wasn't offered until July 2023 when, at the latest, it was known by 30 March that the car had most likely been stolen. In these circumstances I'd reasonably expect Wakam to have made a settlement offer by mid-April under the comprehensive cover Mr I had in place.

I've thought about Mr I's comments that he wasn't provided with a courtesy car. His policy provides for this whilst his car is undergoing repairs due to accident damage. But in the event of a total loss claim due to theft, a courtesy car isn't provided.

That said, Wakam didn't offer a settlement payment for just over three months. From what Mr I has said he didn't have the means with which to buy a replacement car. He explains how this caused him inconvenience as he couldn't carry out his daily activities as he would normally expect to. In these circumstances I think it's reasonable that Wakam acknowledges the additional travel costs Mr I incurred. It should reimburse Mr I on receipt of evidence to support his reasonable costs.

I've thought about Mr I's comments that he lost his job as a result of the time it took Wakam to arrange the recovery of his car. His employer terminated his contract for not returning the undelivered parcels. Mr I was aware that he had undelivered parcels in his car. I think he could reasonably have arranged for these to be recovered himself. The parcels still needed to be returned even if the recovery had happened sooner. Wakam's recovery agent wouldn't have done this. I think Mr I could've taken steps to mitigate this issue.

I note our investigators point that it isn't clear the delayed recovery allowed the theft to occur. As it isn't known exactly when the car was stolen.

Having considered this point, I don't think the business is reasonably responsible for Mr I's car being stolen. There was a delay arranging the recovery, which caused inconvenience and distress for Mr I. But I don't think this means Wakam is responsible for the theft.

Having considered all of this I think Wakam should compensate Mr I for the inconvenience and distress it caused him. He was given inaccurate information about having no cover in place. There was an unexplained delay in recovering his car. Communication was poor. The onus was on Mr I to find out what was happening with his claim. It took just over three months to confirm a settlement payment. This caused inconvenience for Mr I when making alternative arrangements due to the lack of transport. It then took a further three months for an increased settlement offer to be made. To acknowledge these failings Wakam should pay Mr I compensation. I think £500 is fair in these circumstances.

I've thought about the delay in the settlement payment. As discussed I've seen no reason why this couldn't have been concluded much sooner. I think this should've happened within a couple of weeks of the failed recovery. To put this right Wakam should pay 8% simple interest from 14 April 2023 on any unpaid part of the settlement payment until it was paid in full.

I said I was intending to uphold Mr I's complaint and Wakam should:

- reimburse Mr I's reasonable travel costs from 14 April 2023 up to the point he was paid the cash settlement, on provision of proof of payment, plus 8% simple interest from the date he paid these amounts until a refund is provided;
- pay 8% simple interest on any unpaid part of the final settlement payment from 14 April 2023 until this was paid; and
- pay Mr I £500 compensation for the distress and inconvenience it caused him.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Wakam didn't respond with any further information or comments for me to consider.

Mr I responded to say he'd been unable to obtain receipts from the taxi firm he'd used.

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.

Mr I will need to evidence his travel expenses in order for Wakam to provide a refund. It may be that he can provide bank statements to support his costs. But I'm not persuaded by his comments that there is reason to change my provisional decision.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

My final decision is that I uphold this complaint. Wakam should now:

- reimburse Mr I's reasonable travel costs from 14 April 2023 up to the point he was paid the cash settlement, on provision of proof of payment, plus 8% simple interest from the date he paid these amounts until a refund is provided;
- pay 8% simple interest on any unpaid part of the final settlement payment from 14 April 2023 until this was paid; and
- pay Mr I £500 compensation for the distress and inconvenience it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 10 April 2024.

Mike Waldron
Ombudsman