

## **The complaint**

Mr V has complained that the broker Acorn Insurance & Financial Services Ltd failed to explain what was happening to his car insurance policy after the insurer settled a claim as a total loss.

Mr V's father has assisted in this matter. For ease, I've referred to Mr V in my decision, but included his father's submissions as if they were his own.

## **What happened**

Mr V made a claim under his car insurance policy which he says he wasn't at fault for. Mr V complained to the insurer and the broker. The insurer is responsible for complaints about the handling of the claim. These complaints are being dealt with separately.

The broker, Acorn is responsible for administering the policy. Mr V complained that once the insurer settled the claim by paying a total loss settlement, Acorn failed to explain what was happening with the policy; whether it had been cancelled, frozen or still in place.

Acorn didn't uphold Mr V's complaint. It said it didn't receive any request from Mr V to suspend the policy after the total loss settlement had been made, which it said was his responsibility.

Mr V asked us to look at his complaint. When we contacted Acorn, it said that it hadn't acted unreasonably in not suspending the policy, but on further consideration, it should have provided instructions on how to do this when it replied to Mr V's complaint in October 2023.

For the distress and inconvenience caused, Acorn offered to pay compensation of £100 to Mr V.

Our Investigator thought this was enough to resolve the complaints Acorn was responsible for.

Mr V didn't agree. In summary he has reiterated that both Acorn and the insurer have failed to respond to his emails or provide updates.

So the case 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.

I understand Mr V is frustrated with the way the claim has been handled. As the Investigator explained, we look at each complaint against the correct regulated business separately. So Mr V's complaints about the actions of the insurer in the handling of the claim are not issues

I can consider here. So I won't make reference to them in my decision, except by way of background when considering the complaints about Acorn.

Mr V is unhappy that it wasn't explained what would happen to the policy after the insurer settled his claim as a total loss. Acorn didn't address this for Mr V. And so I've considered what the impact of this failing has had on Mr V.

Mr V's contract with the insurer was for a year, with its agreement for Mr V to repay the yearly premium in monthly instalments. As a claim was made – and met – the insurer was correctly owed the full year's premium, irrespective of whether Mr V might have wanted to insure a replacement car under the same policy.

Mr V contacted both the broker and insurer by email on a number of occasions – and was frustrated that his queries were passed between both businesses. Mr V received responses to his complaints from both businesses – but remains unhappy with issues after these responses were sent. I can see Mr V has raised a new complaint against the insurer.

Acorn's role was to administer the policy. So when Mr V complained about what was happening to the policy – and not receiving updates – Acorn should have explained the next steps to Mr V.

I've considered whether Mr V was prejudiced by Acorn's failing here. Mr V didn't buy a replacement car. And so there was no insured risk to add as a replacement to the policy. In any event, any change of vehicle means an insurer will underwrite the new risk again – so it isn't always possible to say if the policy would have been suitable for any replacement car Mr V might have bought.

So I don't find that Mr V was at a loss by Acorn's failure to explain what had happened to the policy. But its failure to provide more assistance caused Mr V distress and inconvenience in having to contact it again. As the administrator, I think Acorn should have promptly explained what was happening to the policy to Mr V.

For the distress and inconvenience caused by Acorn's poor communication, I think Acorn's offer of £100 compensation falls within the range of what we consider reasonable. Ultimately – once the total loss settlement was paid – the policy would ordinarily be cancelled. Sometimes an insurer will offer to keep the policy in force for up to 30 days while a replacement car is purchased. But they don't have to do this.

As I've said – as Mr V didn't buy a replacement car, Acorn's failure to explain next steps under the policy didn't change the outcome or cause financial loss to Mr V. So I think Acorn's offer is enough to resolve the complaint.

### **My final decision**

My final decision is that I uphold this complaint. I require Acorn Insurance & Financial Services Ltd to pay Mr V £100 compensation for the distress and inconvenience caused by failing to explain the next steps after the insurer paid the claim.

Acorn Insurance & Financial Services Ltd must pay the compensation within 28 days of the date on which we tell it Mr V accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 2 August 2024.

Geraldine Newbold  
**Ombudsman**