

The complaint

Mrs R has complained about the handling of a claim by Tesco Underwriting Limited.

What happened

The background to this matter is well known to the parties so I won't set out all the details here. In summary Mrs R made a claim under her motor insurance policy following the theft of her car.

Tesco admit Mrs R received poor service and that there was a delay in settling the claim of around 14 days. It says this was from the salvage agent being instructed to them collecting the car. It has paid a total of £250 in compensation.

Mrs R wasn't entitled to a courtesy car, so she hired a car. The delay meant she had it for longer than she needed. Unhappy with the settlement offered by Tesco, Mrs R referred her complaint here.

Our investigator recommended that Tesco pay Mrs R £685.82, which equated to 14 days car hire. She recommended that interest was paid on this sum.

Mrs R accepted this recommendation, but Tesco didn't. It felt that the compensation already paid was fair and reasonable for the delay. It said that it wasn't compensating for the lack of mobility, as there was no cover for this scenario and Mrs R choose to hire a car at her own expense. Tesco also commented that Mrs R hired on a like for like basis which also increased costs.

As no agreement has been reached the matter has been passed to me to determine.

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 agree with the conclusion reached by the investigator for these reasons:

- The relevant regulator's rules say that insurers must handle claims promptly and fairly. So I've considered, all the available evidence to decide whether I think Tesco treated Mrs R fairly.
- Tesco accept that there were approximately 14 days of avoidable delays in dealing with Mrs R's claim. It accepts that the service it provided was less than Mrs R could expect. Tesco have apologised and offered a total of £250 in compensation. I think that is fair for the distress and inconvenience suffered, but it doesn't address Mrs R's financial loss.
- Tesco was aware that Mrs R had hired a car, she chased frequently to see what was happening with her claim and advised Tesco that she needed a car as she was

disabled. Mrs R chose a like for like car - that was her prerogative. The point is she needed it for two weeks longer than planned because of delays which weren't her fault. In total she had the car for a month incurring a total of £1371,65 in car hire charges. The delay on the part of Tesco was only two weeks so I find it would be fair and reasonable for Tesco to reimburse the cost of two weeks car hire. That amounts to £685.82. Interest is payable on this amount from 12 February 2024 when payment for the car hire was made.

My final decision

My final decision is that I uphold this complaint. I require Tesco Underwriting Limited to:

- Pay Mrs R £685.82.
- Pay simple interest on this sum at the rate of 8% per year from 12 February 2024 until settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 26 July 2024.

Lindsey Woloski
Ombudsman