

## The complaint

Mr A complains that U K Insurance Limited trading as Churchill Insurance is responsible for mishandling a claim on his motor insurance policy.

## What happened

The subject matter of the claim and the complaint is a sports utility vehicle. It was made by a manufacturer specialising in off-road vehicles. It has a diesel engine and four-wheel drive. It was first registered in 2007.

According to its MOT history, the vehicle passed a test in early July 2022, with a recorded mileage of about 132,000.

Mr A acquired the vehicle no later than mid-July 2022 (the date of its most recent V5 registration document).

For the year from mid-November 2022, Mr A had the vehicle insured on a comprehensive policy with UKI.

Unfortunately, Mr A reported that in January 2023, a third party had accidentally reversed into the vehicle while it was parked. Mr A reported damage to the nearside front of the vehicle. Within a few days, he reported issues with steering and with the locking mechanism of the nearside front door.

UKI instructed a repairer.

In late March 2023, Mr A complained to UKI that it was declining to pay for the repair to the door lock. Also, the repairer said that the vehicle had gone into "limp mode".

UKI's repairer did certain repairs, including to the suspension.

In about April 2023, the repairer transferred the vehicle to a main dealer of the manufacturer.

By an estimate dated 9 June 2023, the main dealer diagnosed faults including with the "PCM" (powertrain control module) and "TCCM" (transfer case control module). Its estimate was for about £5,600.00.

By late June 2023, Mr A had complained to UKI that it was declining to pay for the repair of the modules.

By a final response dated early July 2023, UKI included the following:

*"... whilst we can confirm that the PCM and the TCCM corroded, including corrosion inside the modules these are a known common fault with [this make and model]"*.

By that final response, UKI apologised for service failings and said it was paying £350.00 compensation.

Mr A replied to UKI. He said that he had authorised the main dealer to repair the vehicle.

In late July 2023, the main dealer did repairs. The vehicle passed an MOT test, with a recorded mileage of about 133,500. The main dealer invoiced Mr A about £440.00 for the repair of the door lock and about £3,900.00 for the repair of the modules.

By a final response dated mid-August 2023, UKI turned down Mr A's complaint about further delay.

Mr A brought his complaint to us in mid-September 2023. He asked for compensation for his costs and stress.

#### *our investigator's opinion*

Our investigator recommended that the complaint should be upheld in part. She thought that UKI hadn't done enough to show the mechanical issues weren't a result of the accident. She thought that Mr A experienced significant shortfalls in service and this had a considerable impact on him.

At first, the investigator recommended that UKI should:

1. reimburse the costs should Mr A provide proof of payment to his repairer; and
2. add 8% simple interest from the date the payment was made to the date the money is reimbursed; and
3. pay – in addition to the £350.00 already paid - an additional £150.00 as compensation for the distress and inconvenience caused.

Through us, UKI made an offer as follows:

*"...we would be willing to allow the PH to obtain an independent report that shows the damage to be accident related, and at this point our engineer can review this, and if there is actual evidence to show the cause was accident related, we would look to reimburse the cost of the report, and then allow the damages to be claimed as part of the loss"*

Mr A didn't accept that offer.

Our investigator still recommended that the complaint should be upheld in part. She didn't think that UKI's offer was fair and reasonable. However she changed her recommendation. She recommended that UKI should:

1. arrange for the damage to be assessed and provide the results to Mr A.
2. Should the assessment show the damage is accident related, UKI should assess the repair invoices paid by Mr A and reimburse in line with the policy. They should also add 8% simple interest from the date the payment was made.
3. pay an additional £150.00 as compensation for the distress and inconvenience caused.

UKI accepted the investigator's opinion.

Mr A asked for an ombudsman to review the complaint.

#### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr A and to UKI on 20 June 2024. I summarise my findings:

UKI was responsible for putting right all damage that the accident caused to the vehicle. That might include damage that wasn't noticed until some time after the accident.

Insofar as a fault first occurred during repair, I would expect UKI either to repair the fault or to provide technical evidence that its repairers didn't commit any act or omission that caused that fault.

Subject to any further information either from Mr A or from UKI, my provisional decision was that I upheld this complaint in part. I intended to direct U K Insurance Limited trading as Churchill Insurance to:

1. instruct an independent automotive engineer to:
  - 1.1 read this decision and the documents referred to in it; and
  - 1.2 inspect the vehicle if the engineer so wishes and Mr A makes available the vehicle and all its keys;
  - 1.3 make enquiries of the main dealer if the engineer so wishes; and
  - 1.4 write a report expressing an opinion on whether:
    - 1.4.1 the accident in late January 2023 caused damage to the locking mechanism of the nearside front door; and
    - 1.4.2 the accident in late January 2023 or any act or omission by UKI's repairer or the main dealer caused the faults with the PCM and the TCCM; and
2. make such report available to Mr A; and
3. reconsider, in the light of the report, whether to reimburse Mr A for the main dealer's invoice dated late July 2023; and
4. pay Mr A, in addition to its payment of £350.00, a further £300.00 for distress and inconvenience.

UKI said that it had nothing further to add in response to the provisional decision. Mr A disagreed with the provisional decision in part. He says, in summary, that:

- UKI's repairer sent his vehicle to the main dealer. UKI refused to pay for the necessary repairs. The repairer said that they would not collect the vehicle until the work was done. So he had no choice in the matter. The main dealer completed the work in July 2023. The repairer collected the vehicle, undertook the final road tests and valeted it. The vehicle was still in their care until he collected it.
- The repairer had the vehicle for six months so could have undertaken a full report. Our investigator gave UKI a further two opportunities to do the review/report earlier this year and they missed both deadline dates. So he is surprised by the option provided to UKI to undertake an independent review at this stage. He would be unable to do much with the report as he does not have the financial wherewithal.
- He is totally reliant on his vehicle for himself and elderly relatives who do not drive. So, if UKI or the independent assessor has his vehicle for inspection, it must be conditional on UKI providing him with a courtesy car at their expense.

## 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 accept that Mr A had not noticed anything wrong with the vehicle before the accident in late January 2023.

The repairer assessed the vehicle on 7 February 2023 and produced a report in which it recorded the mileage as 133,341.

When Mr A handed the vehicle over for repair on 20 February 2023, the repairer provided a handover sheet in which it recorded the mileage as 133,412.

I accept Mr A's statement that in early March 2023, UKI's engineers vetoed repair of the suspension, but relented saying that UKI was giving him the benefit of the doubt and acting as a gesture of goodwill. I accept that this made Mr A feel disbelieved. And UKI has provided no evidence to show that the accident didn't damage the suspension.

The main dealer's estimate dated 9 June 2023 included some technician's notes. They recorded a fault with the "vehicle dynamics module" at a mileage of 133,402, a fault with the TCCM at a mileage of 133,418 and a re-occurring fault at a mileage of 133,424.

After UKI made its offer in 2024, Mr A's response included the following:

*"During the period that my vehicle was with both [UKI's repairer] and [the main dealer] (circa six months) it was exposed to atrocious weather and was obviously not used. Non usage during wet weather leads to condensation and corrosion of electrical parts which is what caused the Engine Control Module to fail... All of issues associated with the limp mode problem and subsequent repairs occurred during the period that my vehicle was in their care because it was in perfect working order before the accident."*

This suggests to me that we need to be clear and about what we mean by "accident related" and about what we consider UKI is responsible for.

I consider that UKI was responsible for putting right all damage that the accident caused to the vehicle. That might include damage that wasn't noticed until some time after the accident.

Insofar as a fault first occurred during repair, I would expect UKI either to repair the fault or to provide technical evidence that its repairers didn't commit any act or omission that caused that fault.

I should also make it clear that UKI's repairer had the vehicle from about 20 February 2023 to about April 2023. Also the main dealer had the vehicle from about April to late July 2023. However, after about 6 July 2023, the main dealer had the vehicle on behalf of Mr A rather than on behalf of UKI.

I've thought about the investigator's second opinion, UKI's belated acceptance of it and Mr A's lack of a detailed response to it.

I consider that UKI was responsible for delay and for poor communication. That went on for several months.

I've thought about the impact on Mr A. He hasn't said he was without a vehicle, so I don't intend to direct UKI to pay compensation for that.

However, UKI caused Mr A to waste time on chasing for progress and updates. Worse, UKI made Mr A feel disbelieved on the issue of damage to the suspension.

UKI tried to put things right by paying £350.00 in July 2023. However, I don't consider that this was enough to make up for the distress including making Mr A feel disbelieved. Also, UKI has been slow to see the need for an independent engineer's report. And that has clearly caused more frustration for Mr A. So - without pre-judging the outcome of the report – I consider that a further £300.00 is fair and reasonable.

#### Mr A's response to the provisional decision

I accept Mr A's point that UKI and its repairer didn't leave him any choice other than to agree to pay the main dealer to repair the door lock and the modules.

I also accept his point that UKI missed the opportunity to get an independent assessment of those issues. I note Mr A's point that the main dealer fixed those issues before any independent assessment.

I also note Mr A's concern that he will not be able to do much with a report at this late stage. I also note his invitation that we should draw conclusions from the report.

My view is that, since Mr A didn't get any report before the repairs, but UKI has belatedly offered to pay for such a report, then it's fair to direct UKI to get such a report.

I accept Mr A's concern that he and his elderly relatives are reliant on his vehicle. As the main dealer repaired the issues, I don't anticipate that the independent assessor would wish to inspect the car for very long, if at all. Ultimately Mr A has a choice whether to cooperate with any inspection. So, I don't find it fair and reasonable to impose a condition of a courtesy car.

I've said that I will also direct UKI to reconsider, in the light of the report, whether to reimburse Mr A for the main dealer's invoice dated late July 2023. Mr A and UKI will await the report. UKI's reconsideration must treat Mr A fairly. If UKI is responsible for an act or omission that we haven't already investigated, then Mr A may make a further complaint to us and we will decide what's fair and reasonable.

#### **Putting things right**

On balance, I find it fair and reasonable to direct UKI to:

1. instruct an independent automotive engineer to:
  - 1.1 read this decision and the documents referred to in it; and
  - 1.2 inspect the vehicle if the engineer so wishes and Mr A makes available the vehicle and all its keys;
  - 1.3 make enquiries of the main dealer if the engineer so wishes; and
  - 1.4 write a report expressing an opinion on whether:
    - 1.4.1 the accident in late January 2023 caused damage to the locking mechanism of the nearside front door; and
    - 1.4.2 the accident in late January 2023 or any act or omission by UKI's repairer or the

- main dealer caused the faults with the PCM and the TCCM; and
2. make such report available to Mr A; and
  3. reconsider, in the light of the report, whether to reimburse Mr A for the main dealer's invoice dated late July 2023; and
  4. pay Mr A, in addition to its payment of £350.00, a further £300.00 for distress and inconvenience.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct U K Insurance Limited trading as Churchill Insurance to:

1. instruct an independent automotive engineer to:
  - 1.1 read this decision and the documents referred to in it; and
  - 1.2 inspect the vehicle if the engineer so wishes and Mr A makes available the vehicle and all its keys;
  - 1.3 make enquiries of the main dealer if the engineer so wishes; and
  - 1.4 write a report expressing an opinion on whether:
    - 1.4.1 the accident in late January 2023 caused damage to the locking mechanism of the nearside front door; and
    - 1.4.2 the accident in late January 2023 or any act or omission by UKI's repairer or the main dealer caused the faults with the PCM and the TCCM; and
2. make such report available to Mr A; and
3. reconsider, in the light of the report, whether to reimburse Mr A for the main dealer's invoice dated late July 2023; and
4. pay Mr A, in addition to its payment of £350.00, a further £300.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 July 2024.

Christopher Gilbert  
**Ombudsman**