

The complaint

Mr T complains about Wakam's handling of a claim made under his commercial van insurance policy.

What happened

Mr T worked as a delivery driver and insured his van with Wakam. In early December 2023, parts were stolen from Mr T's van, so he made a claim to Wakam.

Ultimately it took until early April 2024 for Mr T to receive his repaired van back. During the course of the claim, Mr T complained to Wakam about various issues, including:

- The overall time taken to complete repairs, poor claim handling and customer service
- As Mr T was without his van, he was unable to work so he lost earnings for the duration of the claim
- That he wasn't given a courtesy or hire vehicle
- That he wasn't able to afford the excess due to being unable to work, but his van wouldn't be given back to him until he'd paid it
- That a total loss marker was incorrectly placed on the vehicle, so he wasn't able to sell it

Across the claim and complaints Wakam offered £100 compensation for the delays up to January 2024, and a further £200 for incorrectly recording the vehicle as a total loss which meant Mr T wasn't able to sell it until it was rectified. As Mr T remained unhappy, he approached the Financial Ombudsman Service.

One of our investigators looked into things and upheld the complaint. The investigator said that there had been long avoidable delays that were caused by Wakam's poor claim handling. Whilst the investigator recognised that Mr T's policy didn't cover a hire vehicle whilst his van was in for repairs, given the delays caused by Wakam and that Mr T was unable to work without a vehicle, she thought they should have provided a vehicle in the circumstances to enable Mr T to continue to work.

So, the investigator recommended Wakam pay Mr T's loss of earnings from a month after the claim was made (as it would always have taken time to repair the van) to when Mr T's vehicle was returned to him on 2 April 2024, with 8% simple interest added. She said this would be subject to Mr T evidencing his loss of earnings, and Wakam would be able to deduct any cost savings Mr T would have made due to not using his van, such as petrol costs.

The investigator recognised Wakam had already given £200 compensation as a result of the total loss marker being placed on Mr T's van, and this was removed quickly after Mr T raised this with Wakam, and she thought the compensation already offered for that specific issue was reasonable. And whilst she noted Wakam had separately offered £100 compensation in the early stages of the claim, she recommended a further £500 compensation be paid. This was because she said it was clear that Wakam's handling of the claim had caused Mr T significant distress and inconvenience, and financial hardship.

Wakam didn't agree. They said that delays for the first month were caused by Mr T putting the claim on hold and not deciding whether to proceed with the claim until the start of January 2024. They said other delays were caused due to Mr T not being able to afford to pay his excess and he couldn't get his van back until it was paid, and Mr T not agreeing to replace the tyres when the vehicle went back in for repair. Whilst Wakam didn't fully agree with the investigator's recommendations, they said they'd be willing to pay ten days loss of earnings, in addition to the £300 compensation they'd already offered.

The investigator re-reviewed things but her view and recommendations remained the same. She said that rather than Mr T delaying matters by deciding whether to pursue claim as Wakam had suggested, the notes provided by Wakam indicated that Mr T was regularly chasing progress of his claim throughout December 2023. She also said that Mr T was in financial difficulties due to not being able to work because he didn't have his van and continually made Wakam aware of this. She said that as Wakam had caused the delays which then meant Mr T was in financial difficulty, they should've released Mr T's vehicle to him, which would have allowed him to work and then he'd have been able to pay the excess, or she said Wakam could have reduced or waived it given what had happened.

As an agreement couldn't be reached the case was passed to me for a final decision.

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've reached the same overall outcome as our investigator, and for the same reasons.

I don't intend on commenting on every point or event that occurred during the claim. Instead, I'll focus on the points I consider key when reaching a final decision which is fair and reasonable in all the circumstances of the case. I don't mean this as a discourtesy, instead it reflects the informal nature of this service and my role in it. But I'd like to reassure both parties that I've considered all the information they've provided when reaching my final decision.

I'll also explain that Mr T has mentioned there was an issue with his premiums, and he's complained separately to his broker about that. That doesn't form part of my final decision as this complaint is about Mr T's insurer, Wakam, rather than the broker.

Mr T made the claim on 7 December 2023, and ultimately, he didn't get his vehicle back fully repaired until 2 April 2024. Throughout this period, Mr T was unable to continue with his work as a delivery driver as he needed his van to be able to do so. I've looked at what happened during this time. Wakam says that Mr T was responsible for causing the initial delays as he asked to put the claim on hold during December 2023 and didn't decide to proceed with it until January 2024.

However, I agree with our investigator that Wakam's file notes don't support that's what happened. Instead, they show Mr T contacted Wakam multiple times in December 2023 unhappy with how long the claim was taking, that he was unable to work without his van, and it was causing him financial issues. There is no evidence to support Mr T asking for his claim to be put on hold in December 2023. The notes indicate that in early January 2024, Wakam said to Mr T that his vehicle was repairable but there would be an excess and it would impact his no claims discount. The notes do indicate at that point Mr T wanted to decide whether to continue with the claim, and he confirmed the following day he did. So there weren't any delays here caused by Mr T as alleged, beyond a few hours overnight.

So, I don't agree with Wakam that it was Mr T that caused delays during December 2023. Instead, I'm satisfied these were caused by Wakam. During this time, they'd incorrectly noted the vehicle as being a total loss and asked for the keys, when it should have been treated as a theft of parts instead and this partly caused the delays.

After Mr T confirmed he wanted to go ahead with the claim, there were then issues with Wakam appointing a repairer, and delays in Wakam then authorising repairs after they'd received the repairers estimate. I haven't identified any avoidable delays caused solely by Mr T between making the claim on 7 December 2023 and his vehicle then being repaired initially by 28 February 2024, being collected on 18 March (and returned the same day due to poor repairs) and by 2 April 2024 when the poor repairs were rectified. Instead, it appears to be Wakam's poor claim handling, and various failings and delays that caused this instead.

What is clear from the notes is that throughout the period from making the claim to the vehicle being repaired, on numerous occasions, Mr T contacted Wakam unhappy with how long the claim was taking and how it was impacting him. Mr T continually made Wakam aware that he was unable to work without his vehicle, and that he was in financial difficulties as a result of this, and that this was severely impacting him personally.

Whilst I recognise Mr T's policy doesn't provide cover for a hire vehicle, due to the delays caused by Wakam, which they were already aware of the impact and how this was affecting Mr T as a result, I agree with our investigator that Wakam should have looked to provide a vehicle to enable Mr T to work and receive an income whilst he was waiting for his van to be repaired.

However, Wakam didn't do this. And instead, even when Mr T's vehicle had been repaired, and already knowing the financial and personal situation Mr T had been placed in as a result of not being able to work and due to their poor claim handling, Wakam insisted on the £500 excess being paid before Mr T was able to get his van back even though they knew why Mr T was unable to afford it. And it then took Mr T a few weeks to be able to afford to pay this. I think Wakam should have done more here. Like our investigator, I think Wakam should have either waived, reduced, or at the very least, enabled Mr T to collect his vehicle before paying the excess. This would have allowed him the opportunity to work and earn, something he'd not been able to do since the start of December 2023 which Wakam was fully aware of, and he could then have repaid the excess to Wakam after.

Wakam also said there was an issue with the tyres of Mr T's vehicle, and they weren't road legal and needed replacing and this caused delays. However, this was only raised as an issue after Mr T had paid his excess, got his van back and then had to take it back to the repairer due to repairs that needed rectification. The repairer then refused to redeliver the van due to the condition of the tyres. But the condition of the tyres wasn't raised as an issue when Mr T first received his van after the initial repairs, and I don't think Mr T not wanting to replace the tyres was an avoidable cause of delays.

With the above in mind, I'm persuaded that Wakam's poor handling of the claim caused Mr T significant distress and inconvenience, prevented him from being able to work for several months, and as a result caused him financial difficulties. Wakam was fully aware of this, but despite this, Wakam didn't provide Mr T with a vehicle to allow him to work, and they prevented him from getting his vehicle back despite knowing why he couldn't afford the excess. And whilst Wakam has already offered £300 compensation (for early on claim delays and the total loss marker incorrectly being applied), I agree with our investigator that a further £500 compensation would be appropriate in the circumstances given the impact on Mr T, so that's what I'll be directing Wakam to pay.

Alongside the compensation I'm awarding, as outlined, Mr T has been unable to work as a delivery driver from when the claim was made to when he ultimately got his vehicle back. I recognise it would always have taken some time to repair the vehicle even if things had gone completely smoothly and there were no delays or errors. But beyond the normal time that it would have taken, I'm persuaded that Wakam is responsible for causing extended delays due to their poor claim handling.

So, I agree with our investigator that it would be fair and reasonable in the circumstances for Wakam to pay Mr T for loss of earnings from one month after the claim was made (to allow for a period for repairs) to when Mr T's vehicle was finally repaired and returned to him on 2 April 2024— subject to Mr T providing evidence to Wakam of his lost earnings. Wakam would be able to deduct any cost savings Mr T has incurred by not using his van such as petrol costs.

As Mr T has been deprived of funds he otherwise should've had, Wakam will also need to add 8% simple interest to the loss of earnings payment from one month after the claim was made to date of settlement.

My final decision

It's my final decision that I uphold this complaint and direct Wakam to:

- Reimburse Mr T for loss of earnings from one month after the claim was made to 2 April 2024 – subject to Mr T evidencing the loss of earnings. Wakam would also be able to deduct any cost savings Mr T incurred by not being able to use his vehicle during this time such as petrol costs.
- To the loss of earnings payable, add 8% simple interest* from one month after the claim was made to date of settlement
- Pay Mr T a further £500 compensation (in addition to the £300 already offered)

* If Wakam considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give Mr T a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 2 October 2024.

Callum Milne
Ombudsman