

The complaint

Mr S is complaining about U K Insurance Limited's handling and settlement of a claim he made on his car insurance policy.

What happened

Mr S was involved in an accident with his car in November 2023, where he was very seriously injured. His father, and then his wife, contacted U K Insurance Limited (UKI) to make the claim.

Mr S complained in December 2023 about the delay in recovering his car, and UKI not allowing his father, and his spouse initially, to log the claim. He was unhappy he had to go over the events of the accident multiple times and with the overall handling of the claim.

UKI issued a response in January 2024. It accepted there was poor service, poor communication and Mr S had to repeat information on several occasions. It also accepted its handlers were rude, there was a lack of updates and a delay in the recovery of the car. It paid Mr S £500 compensation.

UKI then declared Mr S's car a total loss. It said it would settle the claim by paying him the car's market value, less his excess of £350. It initially valued the car at £37,077, but following further discussions with Mr S, it increased its valuation to £39,575.

Mr S complained in February 2024 about UKI's valuation. He was concerned the car's optional extras hadn't been taken into account, and in particular, UKI hadn't accounted for the free electric charging benefit ('the benefit') his car had. He was also unhappy with the misinformation he was given about continuation of cover, and the payment of his settlement payment by cheque, when he'd requested payment directly to his account.

UKI issued a response in February 2024. It maintained its valuation of £39,575, but accepted it failed to explain it would need to send a cheque. It also accepted a manager didn't call Mr S back after a call was disconnected. It paid Mr S a further £350 compensation.

Mr S remained unhappy. He felt UKI's valuation was not enough. He also felt UKI had delayed obtaining his medical information in order to respond to the third-party claim. UKI then told Mr S it would no longer require the medical information, and that Mr S's case should have been dealt with better. Mr S was unhappy his claim wasn't allocated correctly earlier and said this had resulted in unnecessary stress and torment.

UKI issued a further response in February 2024. It accepted it should have allocated the claim to the correct area earlier and it wouldn't then have requested Mr S's medical records. UKI accepted it hadn't adopted the correct sensitivity to Mr S's claim as a result and hadn't dealt with his claim correctly overall. It didn't agree to increase its valuation, but it paid Mr S a further £200 compensation in recognition of its poor handling of the claim.

Mr S remained unhappy with UKI's valuation and the total compensation it had paid, so he referred his complaint to the Financial Ombudsman Service. He felt UKI hadn't accounted for

the car's benefit and optional extras. He felt UKI should pay further compensation, including to his wife and family, and a donation to a charity in his family's name. He requested a refund of his policy premium.

The Investigator upheld Mr S's complaint. They felt the total compensation UKI had paid was fair, but they didn't think it had fairly valued the car. So they recommended UKI pay a settlement based on a total valuation of £41,949, with interest.

UKI agreed. Mr S initially agreed on the condition UKI wouldn't communicate with him further and would send the further payment directly to his account. He did say the valuations were old and the market had changed since the date of the accident.

After he received further communication from UKI and a cheque payment, he was unhappy and asked for the complaint to be reopened. He wanted evidence to show the valuation reflected the benefit, and for compensation to his wife and family. He said the Financial Ombudsman Service could award compensation of up to £5,000 in the circumstances, given the health issues he and his family experienced, prolonged by UKI's handling of the claim.

Because the complaint couldn't be resolved, it's 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 should first set out that I acknowledge I've summarised Mr S's complaint in a lot less detail than he has presented it. Mr S has raised a number of reasons about why he's unhappy with UKI. I've not commented on each and every point he's raised but, instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Mr S, however, that I have read and considered everything he's provided.

I'm aware that Mr S asked to speak to the Ombudsman who makes the decision about his complaint. I've considered whether that's something I need to do but I don't think it is. The Financial Ombudsman Service is an informal dispute resolution service and I'm satisfied I have enough information to reach a fair and reasonable outcome.

One of the complaint points Mr S raised is about UKI's actions in complying with the previously agreed view and recommendation. Once both parties agree to an arbitration outcome, this ends the process with the Financial Ombudsman Service, and it's not for us to enforce an outcome. So, I can't comment on what happened following the previous agreement and UKI's actions in carrying this out.

Valuation

The Financial Ombudsman Service's role isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of a policy correctly and valued the vehicle fairly. Under the terms of the policy, UKI has to pay Mr S the market value of the car, less his excess.

The policy terms define market value as 'The cost of replacing your car with another of the same make and model, and of a similar age and condition at the time of the accident or loss.'

UKI valued Mr S's car at £39,575. It's said it valued this by reviewing industry valuation

guides, and adding the depreciated value of the car's optional extras on top.

It's standard practice for the industry to use valuation guides ('the guides') to work out the estimated market value of a car. And it's not unreasonable for UKI to do so. The valuations the guides give are based on the advertised prices of similar cars with similar age and mileage for sale at the time of loss.

Where the guides provide a wide range of values, we'd compare the insurer's valuation against the highest values given by the guides, unless there is something to suggest these aren't a fair reflection of the amount similar cars sell for on the open market. In this case, the valuations obtained by UKI provided values between £30,640 and £35,245. The valuations obtained by the Investigator provided values between £30,212 and £34,751.

UKI relied on a valuation that sat below the highest valuation guides. But it hasn't provided sufficient evidence to show the valuation it relied on is fair. So, in order to minimise the risk of detriment to Mr S, I think it's fair to rely on the higher valuations returned by the guides.

The highest valuation the Investigator obtained was £34,751. So they asked UKI to add the cost of the depreciated extras to this amount, bringing the total settlement (before excess), to £41,949. UKI agreed to settle based on this recommendation, so I've considered whether this amount is fair in the circumstances.

Mr S has pointed out the benefit, which he feels meant his car was more rare, desirable and valuable. I've outlined above what the policy terms say UKI needs to pay Mr S. The policy required UKI to pay an amount equivalent of another car of the same make and model, and of a similar age and condition at the time of the accident or loss. I don't consider the benefit to be a specification of the car. So, while I understand Mr S's concern in this regard, I don't think UKI is required to cover the loss of the benefit Mr S referred to.

Further to this, having listened to the calls we've been provided, I can see Mr S told UKI in January 2024, he'd been searching for cars, and found one valued at £39,950, that had all of the same features as his car, with the same benefit, of the same condition and nothing really any different. In another call in January 2024, I can see he asked UKI to increase its valuation to £40,350. With this in mind, I think the Investigator's recommended valuation of £41,949 is fair in the circumstances. And because Mr S was without the additional amount, I think it's fair for UKI to pay interest on this.

Compensation

Firstly, I should point out the Financial Ombudsman Service can only award compensation to eligible complainants. Mr S's father, and other members of his family, were not named on the policy when the claim was made, so they wouldn't be eligible complainants. I'm therefore unable to award compensation for the impact UKI's actions had on them. Mr S and his wife were named on the policy, so I'm able to consider the impact of UKI's actions on them.

It is clear from the evidence, and UKI's own admissions, that it has provided very poor service, on a number of occasions, at an extremely difficult time for Mr S and his wife. UKI accepts it was wrong not to allow Mr S's wife to log the claim initially, and its failure to recognise the complex nature of the claim, meant Mr S had to unnecessarily repeat information, about what I agree was a traumatic experience. It accepts its handlers were rude, there were delays and it communicated poorly on the claim.

I won't list all of UKI's failings, but having reviewed the information, I think UKI failed significantly in its obligations to handle the claim promptly and fairly, between November 2023 and March 2024. Having reviewed Mr S's comments, and listened to the calls we've

been provided, including from February 2024, I'm satisfied UKI's actions caused Mr S and his wife substantial distress at an extremely difficult time, causing serious disruption.

Mr S outlined in detail the impact on him and his wife, but I'm conscious a lot of this is likely down to the nature of the accident and the direct impact of this. I accept UKI's actions would likely have compounded the impact of this, but I agree with the Investigator that the total £1,050 compensation UKI already paid is fair in the circumstances. So, I won't direct UKI to pay more than this. And because Mr S would always have had to pay his insurance premiums, and he was able to make a claim, I won't direct UKI to refund his premiums.

My final decision

For the reasons I've set out above, my final decision is that I uphold this complaint. I require U K Insurance Limited to:

- Increase the valuation to £41,949 and pay Mr S the difference between this and what it has already paid, subject to the policy excess.
- Pay 8% simple interest on the difference from the date of its original settlement payment, to the date it pays this settlement.*

* If U K Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S 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 S to accept or reject my decision before 19 December 2024.

Monjur Alam
Ombudsman