

The complaint

Miss T is complaining about the length of time it took U K Insurance Limited (UKI) to handle a claim she made on her car insurance policy.

Miss T has been represented by her father in this complaint. But, for ease of reference, I shall refer to anything he's said on her behalf as being said by Miss T.

What happened

Miss T's car was caught stranded when the road she was driving on became flooded. She said she had to be rescued by the fire services. She then contacted UKI to look to claim for the damage to her car under her car insurance policy. She's unhappy with the way UKI handled the claim, in particular for the following reasons:

- It took UKI over three weeks to collect the car from the Police compound;
- It didn't provide her with a courtesy car she says she was entitled to under the terms of the policy; and
- It didn't keep her updated on the claim and she continually had to contact UKI to find out what was happening with it.

UKI acknowledged it had caused some delays and paid her £150 in compensation. Miss T didn't accept this compensation and referred her complaint to this Service. She said, as a result of these delays, she had to hire a car and also had lost earnings.

Since referring her complaint to this Service, UKI offered to pay Miss T a further £150 in compensation. Miss T didn't accept this and maintained she was over £1,000 out of pocket as a result of this matter.

I issued a provisional decision upholding this complaint and I said the following:

"It's not in dispute UKI has caused some delays in the handling of this claim. Miss T has also set out she's lost out financially as a result of this matter. The issue for me to decide is to what extent UKI should compensate her for this. In considering this, I've looked at how long a delay UKI has caused."

"I can see it took around 25 days for UKI to collect the car from the Police compound after the Police recovered it from the incident. I think this was an unreasonable time frame and it seems a large part of this is because UKI didn't pay the Police charges. However, I can also see there was a period of time where UKI's recovery agent couldn't get to the car because of the floods that caused the damage in the first place and road closures. I can't hold UKI responsible for that. But it seems to me that UKI took around two weeks longer than it should have done to recover the car. Had it collected the car sooner, it would have settled the claim two weeks earlier."

"I've now thought about the financial losses Miss T has set out she incurred. Firstly, I need to set out that, as Miss T didn't take the guaranteed hire car cover, her policy – like all other insurance policies – only provided a courtesy car while her car was being repaired. And that"

car would have been provided by the repairing garage. However, UKI considered Miss T's car to be a total loss – i.e. it didn't think it was economical to repair it. UKI was not required to provide Miss T with a courtesy car in this situation, so I can't say it was unreasonable it didn't provide her with one.

Given this, Miss T was always going to be without a car as a result of the flood until such time she was able to replace it. I can't hold UKI responsible for this and the losses she's set out aren't covered under the terms of the insurance policy. However, I have also thought about whether UKI's delays have caused Miss T financial losses. And I think it's caused some of them, but not all.

Firstly, Miss T says she was unable to attend a number of events in the preceding weeks after the incident. But, as I said above, there was always going to be a period of time when she didn't have a car until she was able to replace it. And I think she would have still incurred these losses even if UKI had done everything it should have done. I naturally sympathise that Miss T has lost income. But it seems to me that it was an unfortunate consequence of her car being damaged. So I can't reasonably require UKI to compensate Miss T for these losses.

However, I do think UKI's delays have caused Miss T to incur a higher amount of hire charges. Miss T hired a car for three weeks before she was able to replace the car. I've reviewed the rental agreement Miss T took out and she took this out before UKI settled the claim. Had UKI settled the claim two weeks sooner, I don't think Miss T would have had to hire the car for as long as she did. Given this, I think UKI should refund two weeks of charges (£410.28). However I don't think it needs to refund anything further than this as I think it's likely she would have always had to hire a car for a week until she could replace the car.

I also think the delays caused Miss T a lot of distress and inconvenience. I can see she was continually calling for an update. I can understand why she felt she had to do this given the worry about lost income I set out above and that UKI wasn't providing her with any updates itself. And I think the inactivity would have just added to her upset. However, UKI has agreed to pay Miss T £300 in compensation for this which is in line with what I would have awarded. So I don't think it needs to pay anything more than this.”

UKI accepted my provisional decision. Miss T didn't agree with it, but said they didn't want to spend any more time disputing it. She said any financial reparation would be insignificant compared to the stress she suffered compounded by UKI's actions. She asked when she would receive an apology from UKI and what systems were in place to stop similar actions happening again.

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.

Neither party has provided me anything further to think about, so I see no reason to reach a different conclusion to the one I reached. So I uphold this complaint for the reasons I set out in my provisional decision.

I appreciate Miss T doesn't think the compensation I awarded is a fair reflection of the upset this has caused her. But I'm satisfied my provisional decision explains why I reached the conclusion I did and I have nothing further to add to what I said before.

Miss T has asked when UKI should apologise for the stress it's caused. But the £300 in

compensation I have awarded is to reflect the upset it's caused her and I still think it's fair. She's also asked what processes are in place to stop this happening again. But this Service is not the industry regulator – we're a dispute resolution organisation. It's not our role to set out what an insurer should or should not do – including setting out what processes are in place. It's our role to resolve an individual dispute – i.e. we look at whether a business has acted fairly and reasonably in the individual circumstances and, if not, set out what it should do to put things right. And, as I said above, I'm satisfied the remedy I've awarded is a fair way to put things right.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require U K Insurance Limited to do the following to put things right:

1. Refund £410.28 of what Miss T paid to hire a car. It should also pay 8% simple interest on this from 21 November 2023 (when she paid this) until she gets it back*; and
2. Pay Miss T £300 in compensation – if it hasn't already done so – to reflect the distress and inconvenience this matter has caused her.

* If U K Insurance Limited thinks it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss T how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 30 December 2024.

Guy Mitchell

Ombudsman