

The complaint

Mr S has complained about Mulsanne Insurance Company Limited. He isn't happy about the way it dealt with a claim under his motor insurance policy and the delay in settling the claim.

For ease of reading any reference to Mulsanne includes its agents.

What happened

Mr S made a claim under his motor insurance policy after he was involved in an accident after hitting an object in the road. Mulsanne undertook an investigation into the circumstances surrounding the claim and eventually settled the claim. It was clear that Mr S' car was a write off and it eventually settled the claim by paying the outstanding finance on the car and paying Mr S the remainder of the market value, less his excess.

However, the delay in settling the claim left Mr S without a car and transport and as he was having to pay around £60 a week in taxi's he chose to buy another car on finance. And went on to complain to Mulsanne about the delay and costs he had incurred. It said sorry but didn't offer anything by way of compensation, so Mr S complained to this Service.

Our investigator looked into things for him and upheld his complaint. Although she accepted that Mulsanne was entitled to investigate the circumstances surrounding the claim she didn't think it was fair to take so long. And that it certainly wasn't fair for Mr S to be out of pocket because of the seven months delay in settling the claim. So, she suggested Mulsanne should pay the finance costs Mr S incurred while the claim was delayed and he was, in effect, paying for two cars plus £250 compensation for the stress and inconvenience caused.

Although Mulsanne accepted it was fair to pay £250 compensation it didn't feel it should pay the additional costs Mr S incurred. So, the matter has been passed to me for review.

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.

It is accepted by both sides that £250 compensation for the delay in dealing with the claim, the poor communication and the stress and inconvenience caused to Mr S is fair. So, I don't propose to go over this again here. I'll simply focus on the increase costs Mr S incurred because of the significant delay in finalising his claim and whether Mulsanne should reimburse him.

It was clear Mr S' car was likely to be a write off given the severity of the damage caused to his car when he hit a large piece of debris in the road that caused the accident. And as Mr S was having to pay around £60 a week in taxi's, as he wasn't entitled to a courtesy car or hire car under the policy, and faced a fair degree of inconvenience as he didn't have a car I can understand why he looked to purchase another car on finance. And I'm sure he didn't expect his claim to take so long to be settled so he wasn't expecting to have to pay two finance payments for a prolonged period – this is because he expected to be paid out and to settle the outstanding finance on the car that was involved in the accident.

Unfortunately, the claim took around seven months to be settled so he had to pay two finance payments every month. I agree with Mulsanne that it is entitled to undertake an investigation into the circumstances surrounding the claim and this can take some time. However, I think seven months is far too long in a case like this. And as there is no suggestion the claim was anything but genuine it feels harsh for Mr S to be out of pocket just because Mulsanne took a long time looking into the claim. Given his work and personal life commitments it made sense for him to take on a new finance agreement for a car in order to stay mobile. Plus, as I've already outlined, I'm sure Mr S expected his claim to be dealt with quickly and then he could have moved on without extra payments hanging over him.

So, I think it is only fair for Mulsanne to try and put Mr S back into the position he would've been but for the long delay in finalising his claim. I know Mulsanne says it doesn't cover loss of use, but I don't think it would be reasonable for it not to pay Mr S' losses here. I say this as its long delay has left Mr S in the position where he was without his car for months on end and I don't see why he should be out of pocket as he needed the use of a car. Mr S got a new car under a finance agreement for a higher amount in order to stay mobile and had Mulsanne settled the claim within a reasonable amount of time he wouldn't be out of pocket - although I agree that the initial taxi costs he incurred shouldn't be covered as this was during the early stage of the claim and so he would always have had to pay these.

Given all of this I think the fair and reasonable thing to do, in the particular circumstances of this case, is for Mulsanne to pay Mr S' finance costs for his original car for each additional month he had to pay his lease payment. This is because Mr S had to pay for a second car on a higher finance agreement for the time he was without settlement in order to stay mobile given Mulsanne's delay. Plus £250 compensation and 8% simple interest for the time he was without the money from the date of each monthly payment to the date of settlement.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require Mulsanne Insurance Company Limited to pay Mr S' finance costs for his car during the time it delayed settling his claim (subject to reasonable proof). Plus 8% simple interest from the date each payment was due until the date of settlement and £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 August 2023.

Colin Keegan
Ombudsman