

## **The complaint**

Mr R complains about how The New India Assurance Company Limited handled a claim on his commercial vehicle insurance policy.

For ease of reading any reference to New India includes the actions of its agents.

## **What happened**

Mr R was driving along and hit some debris which was on the road. This caused his pickup to veer off to the left and it collided with a parked car. Mr R therefore called New India to claim on his policy. As he was unable to get through to New India he arranged for recovery of his pickup to a garage. Mr R then called New India the next day who said it would collect the pickup and deal with the claim.

Mr R said around two weeks later the garage contacted him to say his pickup was still there. The garage also said that New India had sent someone to collect it but wouldn't pay the recovery garage's storage fees and so left the vehicle with the garage. Mr R therefore paid the garage's storage fees and for another recovery to his home address where the pickup stayed until New India agreed to deal with the claim.

Mr R's pickup was ultimately repaired under his insurance policy with New India. Once it was returned to him he complained to New India. He said the claim had taken too long and he'd incurred unnecessary costs due to New India's poor claim handling. In particular, he'd had to pay for recovery of his pickup, storage costs, an engineer's report and also to hire another vehicle while his was being repaired. He asked New India to cover these costs.

New India didn't issue a response to Mr R's complaint within eight weeks so he referred it here. Once the complaint was referred here New India agreed to cover some of the costs Mr R had incurred. It said it would pay the £886 for storage costs, £168 for recovery to Mr R's home address and £216 recovery to the garage. New India said the hire vehicle costs weren't covered under the policy and so it didn't agree to cover them.

Our investigator looked into the complaint and recommended it be upheld. She found that Mr R had also paid £135 for an engineer's report which she thought New India should cover as it's a cost he shouldn't have had. Our investigator also thought New India had delayed the claim and so he'd incurred more hire costs for the replacement vehicle than he would have had if the claim had been dealt with promptly. She therefore recommended New India cover 25 days of hire costs as this was the delay it had caused. She asked New India to pay Mr R the £36 per day he'd paid for the hire vehicle, totalling £900 and also recommended New India pay Mr R £300 compensation for the unnecessary distress and inconvenience caused.

Mr R responded and accepted our investigator's outcome. New India responded and asked for an ombudsman's decision. It said it didn't accept the charges but didn't give further reasons as to why it didn't accept them.

As New India didn't agree the complaint has come 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.

When dealing with a claim there is a requirement for New India to do so promptly and so I've looked at whether it's done so when handling Mr R's claim. Mr R said when he called to report the accident, he was unable to get through. I can also see from the contact notes with New India that the first record it has for the claim is the day after the incident when Mr R did manage to speak with it which I'm satisfied supports Mr R's testimony.

I can also see from the contact notes that there was some discussion about whether the issue with Mr R's pickup was something his policy covered as New India thought the cause of the accident might be mechanical failure. Because of this Mr R had to pay £135 for a report to show what caused the damage to the steering. It was ultimately decided this was a claim his policy covered but due to the delay in this being decided the repairs to Mr R's pickup didn't start until around two months after the incident. From looking at the claim journey our investigator concluded there were around 25 days of delays. Mr R accepted this, and New India hasn't disputed it. Also, from looking at the claim journey, I'm satisfied New India has caused 25 days' worth of delay and should therefore compensate Mr R for this.

Mr R said he had to hire a replacement vehicle while his was being repaired. While I agree the policy doesn't cover a hire vehicle while his is being repaired, as I'm satisfied New India caused 25 days of delays. It follows that it should pay the costs of the hire vehicle for the 25 days of delays it caused, as Mr R wouldn't have incurred these costs if it had dealt with the claim sooner. Mr R paid £36 a day for the hire vehicle, therefore New India needs to pay Mr R £900 to compensate him for additional hire costs he incurred due to New India's delays in handling his claim. New India should also add 8% simple interest per year to this amount, calculated from the date Mr R paid the hire car costs until the date it makes payment to compensate him for not having the money.

Mr R also had to pay £135 for a report to show his claim was covered. I'm satisfied Mr R had made a valid claim for accidental damage involving a third party's car. So, while New India had questions over the cause of the accident it was for New India to rely on a policy term and show it wasn't covered, rather than Mr R to show it was. And, as this is a cost he shouldn't have incurred, New India also needs to pay Mr R the £135 he paid for this report. As with the hire costs above New India should also add 8% simple interest per year to this amount as well to compensate Mr R for not having the money.

I can see New India has already agreed to cover the £886 Mr R paid for storage of his pickup; it also agreed to pay the two recovery costs of £168 and £216. As New India has agreed to pay these, and Mr R has accepted these costs I see no reason to make a finding on them here.

When considering the overall claim handling, in my view, New India hasn't handled the claim as well as it should have done. Mr R has had to arrange recovery himself, pay additional costs he should have had to pay and also chase New India on multiple occasions. I'm satisfied £300 is fair and reasonable compensation for this and so New India also needs to pay Mr R £300 for the unnecessary distress and inconvenience it caused by its poor claim handling.

## **My final decision**

For the reasons explained above, my final decision is that I uphold this complaint. I require The New India Assurance Company Limited to pay Mr R:

1. £886 for storage
2. £168 for recovery of his pickup to his home address
3. £216 for recovery to the garage
4. £135 for the report on his pickup
5. £900 towards the hire costs he paid for a replacement vehicle while his claim was being dealt with
6. £300 for distress and inconvenience

For items 1,2,3,4 and 5 above, The New India Assurance Company Limited also needs to add 8% simple interest to what Mr R paid from the date he paid it until the date settlement is made. If The New India Assurance Company Limited considers that it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mr R how much it's taken off. It should also give Mr R a certificate showing this 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 R to accept or reject my decision before 4 August 2023.

Alex Newman  
**Ombudsman**