

The complaint

Mrs B has complained about U K Insurance Limited trading as Privilege Car Insurance. She isn't happy about the way it dealt with a claim under her motor insurance policy and the poor service she has received.

Mrs B's complaint has been advanced by her representative but for ease I will mainly refer to Mrs B throughout.

What happened

I looked at this case and provided my initial thoughts in my provisional decision as follows;

Mrs B made a claim under her motor insurance policy after her car was reversed into and the other driver fled the scene. UKI looked into the claim and decided her car was a total loss and offered Mrs B the market value of her car. But Mrs B wasn't happy about the amount offered and about the poor service UKI provided.

UKI considered her complaint but thought that its market value offer was fair, but it offered Mrs B £300 compensation in acknowledgement of the poor service she received. But Mrs B remained unhappy, so she complained to this Service.

Our investigator looked into things for Mrs B and partly upheld her complaint. Although she thought UKI's settlement offer for her car was fair and that its offer of £300 compensation for the poor service it provided was fair she thought UKI should pay a DVLA fine that Mrs B received while the car was in its possession.

As both sides didn't agree the matter has been passed to me for review.

What I've provisionally 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 come to a different conclusion to our investigator, and I want to give both sides the opportunity to comment before finalising my position.

I know Mrs B has questioned whether she should be paid more for the repair of her car. But UKI has offered her the market value of her car, in line with the policy terms and conditions, as it is a write off and too expensive to repair. I've looked at the amount UKI has offered (just over £11,300) and I think this is fair.

UKI eventually offered more than the average of the valuation guides it looked at in making its offer to Mrs B. And our investigator looked at the valuation trade guides for her car as well which were in line with the market value offered to Mrs B. So, I think UKI's offer is fair in the circumstances, and I can't say it has acted unreasonably.

If Mrs B wants to retain her car (the salvage) then she can have the salvage back and pay to get the car repaired herself if she wishes or she can accept the market value UKI has offered. I've seen the report and the damage her car sustained, and I think any repair is likely to be costly. And UKI would be entitled to retain the salvage value of her car (the amount it would be paid by its salvage agent for it) from any settlement figure if Mrs B wants to retain her car.

So, overall, I think UKI's market value offer seems fair. And Mrs B will simply need to tell UKI if she wants to retain the salvage or not as it has retained her car at present.

I've looked at the service UKI provided, and I agree that it was below the level I'd expect. But I think the £300 UKI offered by way of compensation for this seems fair, especially as it has offered to pay Mrs B £365.45 towards the expenses she incurred due to issues providing a hire car in a timely manner. So I won't be asking UKI to do anymore here.

Finally, I note that our investigator has said UKI should pay the costs Mrs B incurred when the DVLA fined her as her car wasn't taxed. I can see UKI did ask for this point to be considered separately. But I agree with our investigator that it made sense for this point to be considered as part of this complaint.

I say this as Mrs B, and her representative, were finding dealing with UKI difficult, the matter was drawn out and so looking to include this point as part of this complaint made sense, especially for Mrs B. And UKI acknowledged that there was a delay in providing Mrs B with a copy of its engineers report in its further response to this issue which clearly fell within the parameters of the original complaint. So, it makes sense to bring all of this under the umbrella of this complaint.

UKI has apologised to Mrs B for the delay in providing its engineer's report and the fact that she was fined by the DVLA when the car was still in its possession and offered £400 by way of compensation. I think this feels fair, when considered alongside the £300 compensation already awarded and the £365.45 contribution towards expenses. Plus, I agree it should pay the fine Mrs B incurred, subject to reasonable proof, plus 8% simple interest for the time she has been without this money.

Given all of this, I'm presently minded to uphold this complaint and ask UKI to pay £700 (total) in compensation in addition to the £365.45 contribution to the costs Mrs B incurred. And to pay the DVLA fine plus simple interest.

Replies

Both sides responded to my provisional decision. Mrs B said she agreed and would accept the position outlined and asked for clarification on some minor points. She highlighted that her car was actually struck by another car whilst stationary and said she had already been told her vehicle had been scrapped a while back. And she asked for clarity about what UKI had already paid and asked for a statement from UKI giving a breakdown of what she has been/will be paid following the finalisation of this decision.

Our investigator made UKI aware of Mrs B's points and it responded to these and the provisional decision to say it maintained that it didn't feel the fine from the DVLA issue should've been included as part of this complaint. UKI feels there weren't any difficulties for Mrs B when she made contact about this and it thought its response to this part of the complaint, offering to pay the fine and pay £400 compensation, was fair. So, UKI doesn't feel fair that this complaint should be upheld as it acted fairly in response to the complaints.

Helpfully, UKI also looked to answer Mrs B's points and said that her car was retained as Mrs B hadn't given permission to dispose of the vehicle. However, there was a fire at UKI's storage unit last year which meant it had to dispose of her vehicle and UKI emailed Mrs B to explain this around that time. And UKI explained the amounts it has paid Mrs B to date in relation to her claim and agreed to advise Mrs B of the final amount upon conclusion of this complaint and her claim.

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 remain of the view that the complaint should be upheld. I don't propose to go over the details again, but I will make a few comments around the additional points made.

I thank UKI for the further information provided around the disposal of Mrs B's car and the explanation as to what happened and the impact a fire at its storage unit had which ultimately caused the disposal of her car. And for its agreement to provide a detailed breakdown of what it has paid Mrs B in relation to the claim and her complaint upon conclusion of this case.

I know UKI doesn't agree that the issues in relation to the DVLA fine that Mrs B faced should have been brought into consideration as part of this complaint. But I think the investigator's decision and reasons were fair given the particular circumstances of this case and the breakdown in communication between UKI and Mrs B.

I apologise to Mrs B for any confusion caused around my explanation of the circumstances surrounding the accident. And I hope she finds the information from UKI about what happened when her car was disposed of helpful. But I don't think the impact as had any greater effect on her. The fire was clearly an unfortunate accident and once there was a fire her car was clearly not in a fit state to be returned to her. Fortunately, as UKI have paid her a fair market value of her car and it would have been very difficult and expensive for Mrs B to get the car repaired after the accident I think the impact is limited here so I won't be asking UKI to do anything more.

Given all of this, I remain of the view that this complaint should be upheld and the fair thing to do is for UKI to pay Mrs B £700 (total) in compensation in addition to the £365.45 contribution towards the costs Mrs B incurred due to difficulties in providing a hire car in a timely manner. And to pay her DVLA fine plus 8% simple interest for the time she has been without the money.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require U K Insurance Limited trading as Privilege Car Insurance to pay Mrs B £700 (total) compensation in addition to the £365.45 costs already paid and her DVLA fine (subject to reasonable proof). And it should pay 8% simple interest on the cost of the fine from the date Mrs B paid the fine until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 January 2024.

Colin Keegan
Ombudsman