

The complaint

Mr S complains that the value of his car dropped due to delays in U K Insurance Limited (UKI) handing of his claim, under his motor insurance policy.

What happened

In March 2022 Mr S's car was damaged in an accident. UKI arranged for the repairs. The car was returned to Mr S in late May but there were further problems. Additional repairs involving a main dealer were required. Eventually the engine had to be replaced. When his car was returned Mr S noticed a warning light. UKI arranged for an engineer to visit Mr S at home. But this didn't fix the issue. Mr S arranged for a main dealer to fix the problem and UKI reimbursed the cost.

Mr S says he'd ordered a new car that was delivered in June 2022. However, he couldn't sell his old car as it was being repaired. He was quoted £80,495 for his car via an online car buying service at the end of May. But by the end of October, he says the quote had reduced to £72,285. Mr S says his car wasn't fully repaired until mid-November, which is when he was able to sell it.

Mr S says he was only able to get £70,000 when he sold his car in November 2022. He believes UKI is responsible for this financial loss, due to its delays in repairing his car. UKI says its policy doesn't cover depreciation. It acknowledges it took longer to resolve the issues with Mr S's car than it would've liked. But it says it has paid him compensation totalling £700.

Mr S didn't think UKI had treated him fairly and referred the matter to our service. Our investigator upheld his complaint in part. He says there were some delays caused by UKI. And he thought the repairs should've been completed in September 2022. He obtained valuations for Mr S's car from September and compared this with valuations from mid-November when the car was sold.

Our investigator thought Mr S sold his car for less than its market value. Based on the valuations he obtained from September and November 2022 he says UKI should pay Mr S £353.50 (plus 8% simple interest) to reflect the reduction in value of his car. In addition, he says it should pay him a further £300 compensation for the distress and inconvenience it caused him.

Mr S accepted our investigator's view, but UKI didn't. It says Mr S hadn't shown he'd suffered a loss. Because it disagreed it asked for an ombudsman to consider the matter.

It has been passed to me to decide.

I issued a provisional decision in August 2023 explaining that I was intending to not uphold Mr S's complaint. Here's what I said:

provisional findings

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 my intention is to not uphold Mr S's complaint. I'm sorry to disappoint him but I'll explain why I think my decision is fair.

I've considered the timeline of events since the accident occurred in March 2022. Mr S's car was repaired and returned to him by the end of May. I note from his comments that he doesn't have concerns about the time taken for the first repair. However, further issues came to light once the car was returned to him. A warning light relating to the vehicle's coolant level was showing and this required further investigation.

The car was returned to UKI, but this problem continued despite a number of attempts to resolve it. From a record dated in August 2022 I can see Mr S describes three occasions when he collected his car after it was thought to have been repaired. He says the warning light returned on each occasion, having driven less than five miles. Because of the ongoing issues UKI arranged for Mr S's car to be taken to a main dealer for the remaining repairs.

Mr S says he has an app on his phone that shows the location of his car and when it was moved. Based on this he says nothing happened with it for around three weeks. I can see from the records provided, that Mr S contacted UKI on several occasions to chase progress and complain about the delays he'd experienced. In response UKI said it wasn't able to influence the speed at which the main dealer completed the repairs.

A decision was made to replace the engine in Mr S's car toward the end of September 2022. It was then returned to him around a month later towards the end of October. This is when he noticed another warning light. The records show UKI arranged for an engineer to visit Mr S at home to investigate. The warning light was switched off by the engineer. Mr S was asked to contact UKI after he'd driven the car for a period, to see if the warning light returned. It did. Mr S then arranged for his local main dealer, where he'd bought the car, to investigate the matter.

The main dealer was able to fix the problem by replacing a sensor that was bolted to the engine. Mr S's car was finally fixed in mid-November 2022.

Having considered the evidence I think it's clear that this wasn't a simple repair. In its submissions to our service UKI refers to parts that were on back order. I also note its argument that it couldn't influence the time taken by the main dealer to effect the repairs. After the first unsuccessful repair, efforts were then made to repair the engine. This was the less expensive approach to that of replacing it. I think it's reasonable that this approach was initially taken. However, this added to the overall repair time.

I think it's reasonable that UKI used its approved repairer to carry out repairs initially. I don't think the issues that were experienced could reasonably have been anticipated. But it's fair that it decided to involve the main dealer when the repairs weren't successful.

That said this wasn't Mr S's fault. UKI's approved repairer had several attempts to fix his car. This caused delays. The car was also with the main dealer for some time. Albeit this did involve fairly involved repair work, including a replacement engine. However, even then the repairs weren't entirely successful. This resulted in Mr S arranging the final repair at his local main dealer.

Mr S did have transport available whilst his car was being repaired. So, he wasn't left without a car. But it took UKI from March 2022 to November to complete the repairs following his claim. This was a very long time.

I've thought about the impact this had on Mr S. He contacted UKI and its garage numerous times to chase progress. This included multiple times when the car was reportedly fixed, but shortly after collection revealed the same fault. Given the frequency of this happening I think it would've been reasonable for the garage to conduct more robust checks to ensure its repairs were effective. The garages involved are separate entities from UKI. But ultimately its UKI's responsibility to arrange effective repairs in a timely manner.

Because of the delays, the frustration and ongoing inconvenience Mr S was caused I think it's fair that UKI pays him compensation. The business said it had paid £700 compensation for the delays and inconvenience Mr S experienced. Mr S says this was £650. I queried this with UKI. It responded to confirm it had paid Mr S £700 in total and supplied a screen shot from its claim records that confirm these payments were made. I'm satisfied it has paid £700 compensation. In these circumstances I think this is fair, so I won't ask it to pay more.

I've thought about Mr S's view that he suffered a financial loss due to UKI's delay in repairing his car. I've seen the online quotes he received in May 2022 and then in October. The latter quote is around £8,000 lower. I've also seen the purchase invoice Mr S provided that shows he sold his car for £70,000 on 14 November.

I've considered whether Mr S has clearly shown he's suffered a loss, and if this is the case, whether UKI is solely at fault for this. But I don't think he's shown that he has suffered the loss he claims.

When we need to establish the market value of a vehicle, usually where a car has been stolen or considered a total loss, we use the industry trade guides. We think these are a fair way of establishing the market value at the date of the loss. I can see our investigator obtained valuations from four of the trade guides for Mr S's car. The values he obtained were dated 14 November 2022. This is the date when Mr S sold his car. The average of the valuations came to £85,187.50.

Based on this Mr S sold his car for far less than it was worth in November 2022. I note his comments that when he sold his car the website he'd previously used was quoting less than he was able to sell it for. Also, that he tried the main dealer he bought the car from, and it wasn't interested in buying his car.

Having thought about this, although I don't dispute what Mr S says, the industry trade guides value Mr S's car at around £15,000 more than he sold it for. I understand why he believes UKI caused a loss of around £8,000 based on the online quotes he received. But the trade guide valuations indicate Mr S sold his car for less than it was worth.

In summary, I don't think UKI treated Mr S fairly because of the delays in repairing his car. But it paid him £700 compensation, which I think is reasonable. I don't think Mr S has shown he's suffered a financial loss linked to the value of his car because of delays caused by UKI. So, I can't fairly ask it to pay Mr S for the financial loss he's claimed.

I said I was intending to not uphold this complaint.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

UKI responded to confirm that it accepted my provisional findings. It had no further comment to make.

Mr S responded to say the main point he wants to make is about the time between the

garage identifying a water leak, deciding it needed a new engine and the time when repairs were finally completed. Mr S says he spoke to UKI's engineer, who told him the main dealer couldn't be bothered to try and repair the engine. He says it took too long for the main dealer to decide that a new engine was needed. When this decision was made Mr S says the replacement engine arrived within a week but took a further four weeks to fit.

In his response Mr S says he chased UKI regularly. He says it told him the dates provided by the main dealer, for the work to start, kept being put back. He says UKI told him it wasn't professional to chase the dealer. He says he had a call with the main dealer, and it agreed it had let him down. Mr S says work then began the next day fitting the engine. He says the final insult was when the car was returned it was left to him to arrange the repair of a further fault.

Mr S says the website valuations and dealer offers he received were on a wholesale not a retail market basis. He says this will always be lower than the retail value as the garage needs to make a margin. Mr S says the valuations he provided proves the fall in value of his car over the period in question. He says to use a different guide to value his car is unfair. He states if I use the trade guides referenced in my provisional decision, I should take the difference in values for both the start and end dates, not just the end date.

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 acknowledge what Mr S says about the time taken by UKI to repair his car. I agree this took far too long to arrange. I don't dispute what he says about the discussion he had with the main dealer. However, this doesn't persuade me that a change to my decision is warranted. I think it's fair that Mr S is compensated for the long period of time it took to repair his car. But he has been paid £700 by UKI for this. Having considered the impact that the delays had on Mr S, I think this is fair.

In my provisional decision I said it was unfair that Mr S had to contact UKI, and the garages it used, on many occasions. I also said it wasn't fair that he had to arrange a further repair himself once the engine had been replaced. I note his further comments around this point. But I'm satisfied the compensation UKI paid is reasonable in acknowledging the inconvenience and frustration this caused him.

I understand the points Mr S makes about the valuation of his car, and my use of the industry trade guides. I've thought about whether, based on his comments, UKI has caused him to suffer a loss in the value of his car. But I don't think he's shown this to be the case.

The trade guides show that when Mr S sold his car to a dealer, he did so for around £15,000 less than the market value. As Mr S says in his response to my provisional decision, these valuations were based on retail as opposed to wholesale values. I don't disagree with what he says on this point, but Mr S sold his car for significantly less than the values shown by the trade guides. It was his decision to sell his car for this price.

I don't dispute Mr S's comments that the website he'd used offered a lower quote later in the year to that it originally provided. Or that the dealer he sold to wouldn't offer more, as it needed to make a profit on his car. But this doesn't demonstrate that a loss has occurred as a result of failings on UKI's part.

I've thought about Mr S's comments that it's reasonable to assess the market value, and any change in value, over the period in which he says he made a loss. The trade guide

valuations I referred to in my provisional decision were taken from 14 November 2022. This is when Mr S sold his car. However, our investigator also obtained valuations from September, which is the date he thought the repairs should've reasonably been completed by. I acknowledge that the valuations from September are, when averaged, around £1,000 more than the average valuation taken from November. But, again, I don't think this reasonably demonstrates that UKI caused Mr S to make a loss.

I understand the point Mr S is making – but based on the trade guide valuations he sold his car for significantly less than it was worth. In fact, the trade guide valuations show the highest quotation Mr S obtained was still around £5,000 less than the market value of his car when he sold it. So, although I'm sorry for the inconvenience and distress Mr S has experienced, I don't think he's shown that he's suffered a loss in the value of his car due to UKI's actions.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 September 2023.

Mike Waldron
Ombudsman