

The complaint

Miss M complains about how Mulsanne Insurance Company Limited (“Mulsanne”) handled a claim under her car insurance policy which resulted in her car being sold without her knowledge.

What happened

Miss M had a motor insurance policy with Mulsanne covering her car, which had been bought using a finance arrangement with a third-party finance company who I’ll refer to as “B”. Miss M has made a separate complaint about B’s service.

In early July 2022, Miss M’s car was damaged in an accident and was recovered to a police compound. Miss M made a claim from Mulsanne.

Mulsanne’s repairers weren’t able to find time to repair her car due to their capacity and it thought the car might have been beyond economical repair.

Miss M was under the impression that the car was going to be repaired. She was supplied with a courtesy car by Mulsanne

The car wasn’t able to be stored any longer in the compound so B were contacted to have it removed. B told Miss M to remove it and she told Mulsanne.

Mulsanne didn’t collect the car, so it was collected by B who then sold it. Miss M was left with a balance to pay on her finance agreement which included B’s fees and costs of £1,486.56.

Mulsanne found that the car wasn’t in the compound on 24 August and Miss M told it on 15 September that it had been sold.

Miss M made a series of calls to Mulsanne to chase it for information and updates. She also chased it by email repeatedly. She raised a complaint to Mulsanne but it didn’t provide her with its final response.

As she was unhappy, Miss M brought her complaint to this service. Our investigator looked into Miss M’s complaint and upheld it. She thought Miss M should be put back into the position she was in before the car was sold. This meant that Mulsanne should settle Miss M’s claim as though the car had been written-off, less the amount received by B.

She also said Mulsanne should pay for the costs of storing the car in the police compound. All the amounts should have interest added at 8% simple. Our investigator also thought Mulsanne should pay Miss M £1,000 for her distress and inconvenience, and an additional £500 because of the loss of use of her car.

Mulsanne replied to the view and asked a question about the cost of the storage.

Miss M didn’t think the compensation was sufficient given the length of time it has taken Mulsanne to deal with her claim and the work she’d had to do to chase it up. She thought a

figure of over £2,500 would be more appropriate.

She asked for the decision to be reviewed by an ombudsman, so it has been passed to me to make a final decision.

I issued a provisional decision to allow both parties to consider the matter further. This is below:

I've read the file of evidence I've been provided and I can see that Mulsanne's service has been very poor throughout Miss M's claim.

I can see that Miss M contacted a third-party company who provide an accident management service to make a claim. This company provided Miss M with a hire car as part of its service until it asked for the car back on about 20 September.

But this third-party company wasn't able to arrange the repair and passed the claim back to Mulsanne. As far as Miss M was concerned, her car was going to be repaired. But Mulsanne didn't arrange this, and didn't recover the car from storage.

I can see from the file that Mulsanne was aware the car may have been a write-off about two weeks after the accident, but it then seemed to do nothing to progress the claim for a further six weeks. When it tried to recover the car, it had already been collected and disposed of by B.

And I can't say any of that was Miss M's fault.

From the evidence I have, it seems that Mulsanne hasn't yet settled Miss M's claim for the loss of her car leaving her with a substantial amount outstanding on her finance with B.

It's my understanding that Miss M has raised a complaint about B. I won't be commenting further on this matter here, apart from mentioning that if she's unhappy with its response then she can bring her complaint to this service.

Miss M has told this service that she was left without a car, with a young family, and a default on her credit file that has meant she's struggled to arrange to borrow money for a replacement car. She's talked about her inconvenience and how she's struggled to get around for an extended period of time. She's talked about her distress about how she's been treated by Mulsanne.

I've thought carefully about the situation Miss M was put in. Her car was disposed of by B after Mulsanne failed to understand the situation and handle the car's recovery.

Part of Mulsanne's policy wording says it will pay reasonable storage costs, and the cost of recovery. I've asked Miss M to clarify these costs with B, and she has confirmed that the amount outstanding on her credit agreement are the repossession costs, which total £1,486.56.

I think it's fair to ask Mulsanne to pay these costs. I would normally apply interest at 8% simple on this figure, but I can see B has frozen the interest it charges so I won't ask it to pay interest in this case.

The policy wording also says how it will pay for claims where the car is declared a total loss. In Miss M's case, this would mean that she receives the market value of the car, as at the time of loss.

Mulsanne should quickly settle Miss M's claim by paying her its market value. I'm aware that Miss M might struggle to find out what the value of her car was in July 2022, but this service has an established approach to this, using trade guides.

So, if Miss M is unhappy with Mulsanne's valuation of her car, she is free to complain to it and this service in due course if she remains unhappy.

It's clear to me that Mulsanne's service has been poor and Miss M's distress has been significant. I've thought carefully about the impact on her and her family, and I think a figure of £1,000 compensation is appropriate given the extended time she's spent chasing up her claim and the confusion it has caused her. I know Miss M has asked for more, but I think this figure is in line with this service's approach.

I've also considered Miss M's inconvenience which has been considerable. She has explained the impact on her family and the default on her credit record which has caused her significant issues with buying another vehicle. Taking all this into account, I think a further payment of £500 would be appropriate.

Responses to my provisional decision

Miss M responded and accepted my provisional decision. Mulsanne responded and asked about whether it would be deducting the 'salvage' value of the vehicle from its settlement figure. I responded and said I expect the full market value should be paid to Miss M, subject to the remaining terms and conditions of the policy. Mulsanne didn't respond further.

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.

As Miss M accepted my decision and Mulsanne didn't respond further, my final decision and reasoning remain the same as in my provisional decision.

My final decision

It's my final decision that I uphold this complaint. I direct Mulsanne Insurance Company Limited to:

- Settle Miss M's claim by paying her the market value of her car as at the time of loss, subject to the remaining terms and conditions of the policy.
- Pay £1,486.56 in storage and recovery charges. This can be made to B to clear her account, or to Miss M, and I request that the parties liaise to arrange the speedy payment of this.
- Pay Miss M a total of £1,500 for her distress and inconvenience.

Mulsanne Insurance Company Limited must pay the amount within 28 days of the date on which we tell it Miss M accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

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

Richard Sowden
Ombudsman