

## **The complaint**

Mr K complains about Tesco Underwriting Limited's (Tesco) handling of his claim, under his motor insurance policy.

## **What happened**

Mr K's car was damaged in mid-September 2022. He contacted Tesco to raise a claim. He says it told him the car was repairable having reviewed photos of the damage. Mr K says Tesco then struggled to find a garage that could carry out the repairs. He says communication around this was poor. He contacted several garages having been told they had been appointed - but was then told no arrangements had been made.

Mr K says he spent a long time trying to get through to Tesco's agents on the phone. He also says call backs weren't followed up as promised. He was told a courtesy car would be provided and that this would be an automatic. Mr K says a manual car was eventually provided 12 days after the damage occurred. He made numerous further calls trying to arrange for this to be replaced with an automatic.

Mr K says it took another eight days before a usable courtesy car was provided. His car was then collected three days later, and he was told it could take up to 12 days for an engineer to assess the damage. After five days Mr K says Tesco called to tell him his car was a total loss. In mid-October 2022 Mr K was provided with details of the valuation of his car, and the cost of the repairs. Mr K didn't accept Tesco's settlement offer and it reconsidered its valuation.

Mr K says Tesco subsequently increased its offer five days later. He accepted and the courtesy car was sent back two days after this.

Mr K says he is a blue badge holder and struggles to walk more than a few hundred yards. So, a car is essential for his mobility. He says he has frequent hospital visits that involve significant journeys. He says he chased the progress of his claim every day and was told his car would be repaired but then later informed it was a total loss. Mr K says he had to make a case for Tesco to review its valuation, which was proven to be too low. He also had to cancel a driving holiday, missed out on his granddaughter's birthday and incurred taxi fares.

In its response to Mr K's complaint, Tesco says it tried to arrange repairs of Mr K's car with a number of garages, but none had capacity. It says it also had some issues with its supplier providing a hire car. Tesco says a manual was provided when this should've been an automatic. It acknowledges there was a delay whilst this was resolved. Tesco says Mr K's car was collected around 21 days after he made his claim. Four days later it was assessed as a total loss.

Tesco refers to industry wide challenges it says it's facing with the availability of spare parts, replacement vehicles and capacity for vehicle repairs. It says these issues may not all impact Mr K, but it indicates that some have. The business concludes its response to say it is partially upholding his complaint. It says this is because of its error in not providing an automatic replacement vehicle.

Mr K didn't think this was fair and referred the matter to our service. Our investigator upheld his complaint in part. He says expectations were managed poorly by Tesco, and this meant Mr K had to make numerous calls. In addition, he highlighted the issues described with Tesco arranging a courtesy car, and when failing to carry out call backs. But he says both Mr K and his wife have full driver's licences so are allowed to drive manual cars. He also says they could've used the initial settlement offer to buy a car in order to go on holiday, whilst disputing the valuation.

Our investigator says Mr K's policy terms provide for a courtesy car whilst his vehicle is being repaired, but not when it's considered a total loss. However, to acknowledge the failings in the service provided by Tesco he says it should pay Mr K £100.

Mr K disagreed with our investigator's findings. He says an automatic replacement car was necessary as his wife hasn't driven a manual for over forty years. When he has hospital appointments, he says his wife has to drive him. He says at no point was he told he wasn't entitled to a courtesy car. Mr K also says Tesco's settlement payment for around £10,000 wasn't offered as an interim payment and could've been reduced. He says the final payment was for £11,500, which represents a 15% increase.

As he didn't agree with our investigator, Mr K asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in June 2023 explaining that I was intending to uphold Mr K'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 uphold Mr K's complaint. Let me explain.*

*Mr K's car was determined to be a total loss as a result of the damage it had suffered. I've read his policy terms to understand the cover provided. There's no dispute that the policy covers Mr K for the damage caused under "Section A – Damage to the car". The section headed, "How we will settle your claim under sections A or C" says what will happen in these circumstances. This section of the policy terms says:*

*"We will choose whether to repair the car or to pay you a cash amount equal to the cost of the loss or damage".*

*And:*

*"If the car is a total loss*

*Once an approved engineer has inspected and assessed the market value of the car, we will send you an offer of payment."*

*Mr K hasn't disputed that his car should've been categorised as a total loss. So, I needn't consider this point. But he didn't accept the initial settlement offer. I can see from the claim records that he was offered £10,190 on the day he made his claim. He didn't accept this. But he did later accept a revised offer for £11,500, which was confirmed later in October 2022.*

*Mr K hasn't disputed the final valuation offer, so I won't consider this in my decision. But I do acknowledge his point that the initial offer Tesco made him was much lower.*

*My focus here is on the standard of service Mr K described including, delays, poor communication, issues with the provision of a courtesy car, and the low settlement payment he was originally offered.*

*Regarding the provision of a courtesy car Mr K's policy terms say:*

*"To keep you mobile, within the geographical limits only, we will offer you a small courtesy car (typically a small city car), while the car is being repaired by one of our approved repairers following an insured incident that has resulted in a claim under your policy.*

*Once we have decided that the car can be economically repaired by one of our approved repairers and if it cannot be driven, we will provide the courtesy car on the next working day for as long as the repairs take."*

*Mr K contacted Tesco in mid-September 2022 to make a claim. His car wasn't driveable. I can see from the claim records that his car wasn't collected by Tesco until 7 October. He was provided with a manual courtesy car on 26 September, which was subsequently replaced with an automatic on 4 October.*

*I acknowledge Mr K's point that although both he and his wife are licenced to drive manual cars, his wife hasn't driven a manual for a long time. She is elderly and when required to drive Mr K to hospital appointments she is only confident driving an automatic. The records show Mr K made this clear to Tesco from the start of his claim and he repeated this requirement several times.*

*From what I've seen an automatic car wasn't provided as a result of miscommunication on Tesco's part. Albeit this type of car could be provided. I acknowledge the policy doesn't specify the type of transmission a courtesy car will have. But given that Mr and Mrs K's circumstances were made clear from the outset, I think it's reasonable that Tesco should've taken more care to assist them with this requirement. As it is - it took nearly three weeks from registering the claim before a car was provided that was usable.*

*I can see from the claim records that when the manual car was provided, Mr K said this would be okay for a couple of days. However, he has explained that due to regular hospital visits, an automatic was necessary so his wife could take him and drive him home. In addition to visiting him in hospital. It's clear that Tesco's agents were made aware of this requirement. I think it was reasonable for it to provide a car prior to any repairs starting. But it didn't provide an automatic as requested - and needed. This was problematic for Mr K and his wife, and meant they had to pay for taxis and couldn't always travel.*

*I've thought about the time Tesco took to determine that Mr K's car was a total loss. It took around a month to do this from the claim being registered. It took a further week for a settlement payment to be provided. I note Tesco's reference to challenges faced by the industry with respect to garages undertaking repairs. However, I'd expect it to have reached a total loss decision earlier than it did. Ultimately no repairs were carried out, but it still took a long time to progress Mr K's claim to this point.*

*Mr K wasn't provided with the funds to buy a replacement car for around five weeks. When he had the funds, he says he bought another car within two days. Had the funds been provide sooner it's likely the issues described could've been avoided.*

*I acknowledge a settlement offer was made when Mr K first registered his claim. But it's*

*been shown that this offer was too low – also that in the days after registering the claim Mr K was told that his car was repairable. This information was repeated several times and he was given the name of different garages where the repairs would be carried out. Given the information Tesco provided I don't think Mr K acted unreasonably to wait for his car to be assessed to understand whether repairs were possible.*

*In these circumstances I think Tesco should've been able to confirm Mr K's car was a total loss sooner. The time taken meant he and his wife didn't have access to a suitable car for several weeks. This has clearly caused distress and inconvenience, especially given Mr K's health issues and regular hospital visits.*

*I've thought about Mr K's point about missing out on a driving holiday. He says this was due to commence on 16 September 2022 for four days. I'm sorry he missed out on this holiday. However, his policy terms provide for a courtesy car when repairs are being carried out. I accept there were delays in Tesco's handling of this claim. But it did need to arrange an inspection of the damaged car. It could then assess whether it was repairable, or a settlement payment was needed. I don't think this could reasonably have happened within two days.*

*I acknowledge what Mr K says about missing his granddaughter's birthday. He says there was a rail strike on this day. This was prior to the provision of an automatic car and meant he and his wife couldn't travel.*

*Having thought about all of this, I think it's fair that Tesco compensates Mr K for part of the period that he lost the use of his car. An automatic replacement car was provided around three weeks into the claim. I think a total loss decision should've been confirmed quicker. This would've meant Mr K had the opportunity to buy a suitable replacement. In the circumstances I think ten days should've been enough to make this decision. Because of the delay it should pay Mr K ten days loss of use at £10 per day.*

*I've also thought about the confused communication Mr K received. He contacted a number of garages, only to be told Tesco hadn't arranged for appointments. Misinformation was given about whether the car was repairable or a total loss. I can see from a record dated 21 September 2022 that a message was sent prior to Mr K going for surgery. The record says this was sent in error as the car had yet to be assessed. I can see that Mrs K was upset when she called to query this with Tesco. I also note Mr K's concern that the valuation he was offered was significantly lower than he thought his car was worth. This was borne out when the final offer was provided for around 15% more.*

*In light of these issues, I think a further compensation payment is appropriate. I think Tesco should pay Mr K £150 to acknowledge the distress and inconvenience it caused, in addition to the loss of use payment.*

I said I was intending to uphold this complaint and Tesco should:

- pay Mr K £100 for the loss of use of his car; and
- pay Mr K £150 for the distress and inconvenience it caused due to poor communication and claim handling.

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

Tesco responded to say it accepted my provisional findings.

Mr K didn't respond with any further information or comments for me to consider.

### **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 neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint. Tesco Underwriting Limited should:

- pay Mr K £100 for the loss of use of his car; and
- pay Mr K £150 for the distress and inconvenience it caused due to poor communication and claim handling.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 August 2023.

Mike Waldron  
**Ombudsman**