

The complaint

Mrs M complains UK Insurance Limited (UKI) unfairly recorded her claim on her motor insurance policy as her fault. And after her car was deemed a total loss it unfairly settled her claim. She was also unhappy with the general service provided.

UKI are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As UKI have accepted it is accountable for the actions of the intermediary, in my decision, any reference to UKI includes the actions of the intermediary.

What happened

Mrs M was involved in a collision with a lorry when they were both on a roundabout. The lorry driver didn't give his details and left the scene of the incident.

Mrs M made the police aware of the incident and made a claim on her motor insurance policy.

UKI's engineer inspected Mrs M's car and it was deemed a total loss. It offered £8,623, less the policy excess in settlement for the car. UKI considered Mrs M was responsible for the incident and recorded it as a claim against her policy.

As Mrs M was not happy with UKI, she brought the complaint to our service.

Our investigator did not uphold the complaint. They looked into the case and said the engineer's inspection of the car found it to be unroadworthy so they were happy the car had been appropriately deemed a total loss. They said a fair valuation had been given for the car as UKI had used trade guides to do this. And they said UKI were within its rights to deem she was at fault for the incident and settle the claim as her fault.

As Mrs M is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

Liability

When looking at complaints regarding liability it is not our role to decide who is at fault for the incident. However we will look to see that the decision has been made fairly and in line with the policy terms and conditions.

On page 39 of the policy booklet it says;
"3 Claims procedure – Our rights and your obligations"

a You must not admit liability for or negotiate to settle any claim without our written permission.

b We are entitled to:

- take over and carry out the negotiation, defence or settlement of any claim in your name, or in the name of any other person covered by this policy;*
- take proceedings in your name, or in the name of any other person covered by, and in connection with, this policy for your, or our own benefit.”*

This means UKI is entitled to settle Mrs M's claim in the way it seems most appropriate.

I saw in February 2023 UKI reviewed the footage of the incident provided by Mrs M. It referred to allowing room for a large vehicle to complete a turn as per the highway code. It did not think Mrs M had done this and said it considered she would be held liable for the incident.

As UKI has considered that based on the evidence provided it would not be able to defend this case in court it made its decision to record the incident as Mrs M's fault. As it acted within the terms of the policy, I am unable to say it has been unfair in its decision to record liability this way. And I do not uphold this part of Mrs M's complaint.

Total loss and settlement

When a car is classed as a total loss by an insurer we will look to see how it has come to this conclusion. In this case UKI used its engineer expert to inspect the car.

I saw that although the damage to the bodywork of the car was not extensive, the findings from the inspection also said the car needed a new electronic steering rack, making the car unroadworthy. Together these required repairs meant the car was classed as a total loss.

I then considered whether UKI acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mrs M following the write-off of her car. My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mrs M's motor insurance policy with UKI. In this case on page three of the policy booklet it says;
“market value.

This is the current value of the vehicle at the time of the claim – and it may be different to the amount you paid or any amounts we spoke about when you insured your vehicle with us.”

On page 14 it says;

“The most we will pay

We will not pay more than the market value of your car at the time of the loss (less any excess that may apply).”

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I looked at the information UKI used when calculating the market value for Mrs M's car. I saw it obtained valuations from two of the main trade guides. In this case UKI offered £8,623, which is the average of these two guides.

I looked at the valuations our investigator obtained. He used three of the main trade guides. The average of these three valuations was in line with the offer of £8,623 made by UKI.

I saw Mrs M said her car was unique and it was a 4-wheel drive with alloy wheels. She did not think UKI had factored this into its valuation. I saw the trade guide valuations were for the specific car and described it as a 4-wheel drive. I looked at the details on Mrs M's policy and did not find there were any modifications added that may increase the valuations obtained.

As per the terms of Mrs M's policy UKI only have to offer her market value for the car that has been deemed a total loss.

I do accept that prices of used cars can change on a regular basis. This could be an increase or decrease. This is the reason why we take the approach that if UKI can demonstrate, as it has done here, that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

I know this will come as a disappointment to Mrs M, but for the reasons given I'm not persuaded that UKI have acted unfairly or unreasonably in settling her claim at £8,623, less the policy excess. I agree the amount paid for Mrs M's car is fair and in line with the main trade valuation guides. And I can't fairly ask UKI to increase its valuation offer.

Service

Mrs M brought her claim to our service after UKI failed to respond to her complaint within the required timescale.

UKI accepted it hadn't provided a response to Mrs M in the timescales it was required to. It said it had not handled matters as well as it could've.

It said it had reviewed Mrs M's concerns and should've explained why it had reached the conclusion it did to her and waited for the additional evidence she said she had before it made a final decision.

UKI didn't change its decision on liability or the settlement amount after reviewing Mrs M's footage of the incident. However it offered £250 compensation for the inconvenience caused due to the lack of clarity given, and as it didn't respond to her complaint in the required timescale. I think the offer of £250 is a fair and reasonable amount.

Therefore, I uphold Mrs M's complaint and require UKI to pay the £250 it offered after Mrs M brought her complaint to our service.

My final decision

For the reasons I have given I uphold this complaint.

I require UK Insurance Limited to pay Mrs M £250 compensation for the inconvenience caused due to the lack of explanation given to her regarding its decision regarding liability on her claim. And for its delay in responding to her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or

reject my decision before 13 November 2023.

Sally-Ann Harding
Ombudsman