

The complaint

A company, which I'll refer to as T, complains about QBE UK Limited's (QBE) handling of its claim for damage to its vehicle following an attempted theft.

Mrs D, who is a director of T, brings the complaint on T's behalf. For ease of reading, I'll refer to all comments and actions of T's broker and Mrs D, as being those of T.

Any reference to QBE includes its agents.

What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

T took out a motor fleet insurance policy. In June 2023, its vehicle was damaged following an attempted theft. T made a claim on its policy.

QBE was notified of T's claim on 5 June 2023. Upon accepting the claim, QBE arranged for the vehicle to be collected. The vehicle was later moved to an appointed garage, but due to the nature of the damage, the garage was not able to carry out the repairs and the vehicle needed to be booked in with a dealership for repairs. This was arranged but the vehicle wasn't delivered on time and therefore there was a delay in rebooking the vehicle. QBE said the parts required for the repair weren't available for at least 18 months and there was no reasonable timescale for the repairs to be completed.

T complained that QBE delayed settling its claim. It said that as a result of the delay, it has been left without a vehicle, and incurred additional expenses in hiring a replacement vehicle while awaiting repairs to be completed. T would like QBE to refund the hire costs in full and also the cost associated with collecting and insuring the hire vehicle.

QBE considered T's complaint and accepted that there was around two months delay at the start of the claim which could have been avoided. In light of this, QBE offered to pay T two months' worth of hire cost, as well as a payment of £250 for their poor communication and service. This offer was made after the complaint was referred to the Financial Ombudsman Service.

After much consideration, in November 2023 QBE offered to write off T's vehicle and settle T's claim. T accepted QBE's settlement for its vehicle. However, it remains unhappy with the offer made by QBE for the additional expenses it incurred as a result of delays and poor service.

Our investigator looked at what happened and he upheld T's complaint. In summary, he concluded that in the circumstances, it would have been reasonable for QBE to have settled T's claim sooner. The claim was made at the beginning of June and according to the timescales provided by both parties, he thought the claim should have reasonably been settled within three months. He therefore recommended that QBE reimburses T for the hire cost from 5 September 2023 to 10 November 2023, when the claim was settled. He also

said QBE should pay towards the cost of insuring the hire vehicle during this time. He considered the compensation offered by QBE for the poor communication and service and he was satisfied that the £250 payment was reasonable.

QBE didn't agree. In summary, they felt they had done enough to put things right and didn't think it was fair to say the claim should've been settled within 3 months. They explained that they wouldn't normally write off a vehicle unless the repair costs were 70% or more than the value of the vehicle, which wasn't the case here. But as a gesture of goodwill, they made an exception in T's case in order to put things right, which they felt was reasonable. The investigator considered QBE's response, but he wasn't persuaded that in the circumstances QBE did enough, he therefore remained of the opinion that his offer for resolving the complaint was fair.

QBE didn't agree with our investigator's findings, so the complaint was referred to me.

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'm upholding this complaint. I'll explain why.

I've read and carefully considered everything T and QBE have said. However, my findings focus on what I consider to be the central issues, and not all the points raised. I don't mean any discourtesy about this, but it simply reflects the informal nature of this service.

I'd like to start by clarifying that as T has accepted QBE's offer of £24,500 in settlement for the vehicle, I'm not making a finding on this aspect of the claim. T remains unhappy with QBE's handling of the claim and their offer towards the additional costs it incurred, my decision therefore focuses on whether QBE has done enough in this respect.

T said by the time QBE settled their claim it had been without a vehicle for almost six months and therefore incurred additional expenses as a result of arranging a hire vehicle and the cost for insuring it during this period.

Due to the nature of the damage and the difficulty in getting the required parts there was a delay in repairing the damage. QBE accepted that there were some avoidable delays (up to two months) at the beginning of the claim. They also said their communication and service could've been better. QBE offered to pay T £2,320 as a gesture of goodwill towards the hire costs of the replacement vehicle because of their delays, and a further £250 for the poor communication and service. I have taken all of this into consideration and thought about whether QBE has done enough to put things right.

QBE offered T £250 for their poor communication and service during the claim. I appreciate this period was frustrating for T who was inconvenienced by having to contact QBE and go back and forth with its broker. However, I think the £250 compensation QBE paid in response to its complaint about this, was fair and reasonable.

The main outstanding issue is with the additional costs incurred by T in hiring a replacement vehicle. T's policy doesn't provide cover for a hire vehicle and therefore this wasn't arranged by QBE. However, I appreciate that due to the length of time T was left without a vehicle, it had to hire a replacement. QBE accepts that there were delays and their communication and service failed at times, but they dispute the length of the delays and the impact of them.

QBE was notified of T's claim on 5 June 2023. QBE said the part needed for the repairs

could take up to 18 months to arrive. T wasn't willing to wait this long without its vehicle. QBE therefore proposed a few solutions to T, but in the end QBE decided that the fairest option was to write off the vehicle and pay T the market value for its vehicle. The claim was settled on this basis by QBE on 10 November 2023. T says the claim could reasonably have been settled two months after it was made.

As the investigator explained in his view, claims of this nature where the insurer is relying on a third party to carry out the work, may result in a period where the insured is left without their vehicle, especially when the policy doesn't provide cover for a replacement, as is the case here. Therefore, I'm satisfied that T would have always incurred some expenses in respect of a replacement vehicle during the claim.

QBE said due to the nature of the damage, only a limited number of garages were able to repair the vehicle. QBE chased for regular updates but the garage in question wasn't forthcoming with a quote for the repair or a timeframe to get things resolved.

Having thought about everything very carefully, I'm satisfied that it was QBE's responsibility to ensure that the claim was settled within a reasonable timeframe and that it's not fair to leave T without a vehicle with no reasonable timeframe of when to expect the vehicle to be repaired and returned. I'm satisfied that there were avoidable delays in handling this claim, which has also been accepted by QBE.

While I appreciate the availability of parts was beyond QBE's control, I agree with our investigator that if things had progressed as they should have, three months was a reasonable timeframe for QBE to collect and inspect T's vehicle, as well as explore options on how to settle the claim. If this had happened, T would have received the settlement for its claim sooner and wouldn't have incurred additional expenses in hiring a replacement vehicle for as long as it did.

Ultimately, I think it would have been reasonable for T's claim to have been settled by 5 September 2023 (three months from the date of notification), but a reasonable settlement wasn't made until 10 November 2023. QBE should therefore reimburse T for any costs towards hiring the replacement vehicle from 5 September 2023 to 10 November 2023. I agree with the investigator that it would be appropriate to round this up to 10 weeks.

T said that as a result of hiring a replacement vehicle, it incurred additional costs in collecting and insuring the vehicle. I agree with our investigator that it wouldn't be fair or reasonable to ask QBE to cover the cost of collecting the vehicle because as I've said above, I think T would have always incurred this expense as it needed a replacement vehicle. But I do think QBE should reimburse T for any additional expenses in insuring the hire vehicle for the additional 10 weeks.

Putting things right

QBE should, on receipt of appropriate evidence from T, cover the costs of the hire vehicle and any associated costs with insuring it for 10 weeks.

I note that QBE has already made an offer towards the cost of hiring a replacement vehicle, in the sum of £2,320, so it can deduct this amount from the final settlement figure.

My final decision

My final decision is QBE UK Limited should pay T the cost associated with hiring a replacement vehicle for 10 weeks as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 19 January 2024.

Ankita Patel
Ombudsman