

The complaint

Mrs N complains that she was charged £821 by Hastings Insurance Services Limited for hire costs following a claim made on her motor insurance policy.

What happened

Mrs N was involved in an accident. Her brother reported this to Hastings, and it said the claim would be non-fault and the cost of car hire would be billed to the other driver's insurer. After a month, the hire company told Mrs N that she would have to pay the hire costs. Money was taken from Mrs N's account but later returned. And then some months later the hire company invoiced Mrs N again and took money from her account. Mrs N said this had affected her finances and caused her a lot of stress. Hastings said responsibility for any mistakes lay with the hire company.

Our Investigator recommended that the complaint should be upheld. She thought Hastings was responsible for the complaint as it had instructed the hire company. She also thought it was responsible for the hire costs as it had told Mrs N numerous times that it would cover these. She thought Mrs N wouldn't have continued with the hire if she had been given correct information. So she thought Hastings should refund Mrs N £821 and pay her £150 compensation for her trouble and upset.

Hastings replied that it thought the complaint should be against the hire company and its communication about the return of the hire car. This was because it said Mrs N had a separate contract with the hire company.

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.

Hastings handled Mrs N's claim on behalf of the insurer. But I haven't considered that here as it's a separate business to Hastings. What I've considered here is Hastings' level of service in administering Mrs N's policy. This includes how it communicated with Mrs N.

Hastings said this complaint shouldn't be against it, but against the hire car provider. It said that Mrs N had a separate contract with it, and it acted as an accident management company (AMC). But I don't agree that is fair or reasonable. I'll now explain why I think this.

Where a driver's been involved in an accident which wasn't their fault, AMCs may offer to arrange repairs and/or provide temporary replacement cars. But AMCs are independent from insurers, they are entirely separate businesses.

So when an AMC is involved the consumer isn't claiming from their own insurance policy and the AMC isn't acting as agents for the insurer. Instead the consumer enters into an agreement with the AMC that allows it to seek to recover its costs from the third party's insurer.

In the notification call, Hastings told Mrs N's brother that the hire company would provide a replacement car for the duration of the claim. Hastings wrote to Mrs N and told her that the hire company managed its replacement vehicles and would be in touch.

I can see that Mrs N's policy doesn't provide a courtesy car in the case of total loss. But I can't see that Hastings explained the basis of how the hire car would be provided.

The accident had been a multiple car shunt and Hastings repeatedly told Mrs N that it would claim from the rear vehicle that had caused this. It said that if the car in front made a claim against Mrs N, then it would redirect it. Hastings emphasised that the vehicle at the rear would cover the entirety of the claim costs.

So I'm satisfied that Mrs N, when she reported the claim, wasn't referred to an AMC by Hastings. Hastings handled the claim against her policy on behalf of the insurer and I think led Mrs N to believe that it would recover the hire costs.

Also, looking at Hastings' notes, when the claim was first reported Mrs N's car was deemed to be a total loss and Hastings instructed the hire company to provide hire only and no other services. So I'm satisfied that as the hire company was instructed by Hastings, this complaint should be against it.

There was a delay in the claim being progressed as Mrs N didn't respond to texts asking for her to contact a salvage company to arrange collection of her car for valuation. Then the family was self-isolating due to the pandemic and Hastings closed the claim. The hire company then took money from Mrs N's account. Mrs N's brother called Hastings, and it was agreed for the claim to be put on hold and the hire car would be collected. The money was returned.

Two weeks later, the hire company contacted Mrs N to arrange collection. But this wasn't done. I can't see a reason why. The company called Mrs N and said she would be liable for the hire costs.

Liability was then clarified with the other parties involved as the accident had involved at least three cars in a shunt. Hastings then reopened the claim and asked the hire company to provide a hire car for Mrs N until the claim was settled. This was confirmed to Mrs N by email.

But the hire company was concerned that it wouldn't be able to recoup its costs from the other insurer. And it asked Hastings to agree to authorise cover or it would charge Mrs N. I can't see whether Hastings agreed to do this or not. Liability was accepted by the other insurer, but a week later the £821 hire cost was again debited from Mrs N's account.

The claim was later settled as fault and Hastings sent Mrs N an email to confirm this. But I can't see any explanation of the reason for this change in Hastings' notes.

So I think Hastings made it clear at the outset to Mrs N that the claim was non-fault and it would recover the hire costs. I think the communication between Hastings and the hire company was poor and there were missed opportunities for ending the hire earlier. I can't see that Hastings ever explained to Mrs N that she may be liable for the hire costs. I can't see that it responded to the hire company's request to cover these. I think that if Hastings had given Mrs N better information about the hire, and her potential liability, then she wouldn't have continued with it.

When a business makes a mistake, as I think Hastings has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

And so I think Hastings should reimburse the £821 hire cost to Mrs N. And, as Mrs N has been without her money for some time, I think it should add interest to this amount. This is in addition to the Investigator's recommended redress and I've given Hastings time to comment on this.

Mrs N told Hastings multiple times that the debit of the money had caused her financial hardship because of her personal circumstances. I think Hastings should compensate Mrs N for this impact and for the trouble and upset caused by its poor communication. The Investigator recommended that Hastings should pay Mrs N £150 compensation. I think that's fair and reasonable as it's in keeping with our published guidance.

Putting things right

I require Hastings Insurance Services Limited to do the following:

1. Reimburse Mrs N £821 debited from her account by the hire company, adding interest to this amount at the rate of 8% simple from the date the money was taken to the date of settlement†.
2. Pay Mrs N £150 compensation for the distress and inconvenience caused by its level of service.

† HM Revenue & Customs requires Hastings to take off tax from this interest. Hastings must give Mrs N a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Hastings Insurance Services Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 1 August 2022.

Phillip Berechree
Ombudsman