

The complaint

Mr J complains Zurich Insurance Plc (Zurich) unfairly settled his claim on his car hire excess insurance policy.

There are several parties and representatives of Zurich involved throughout the complaint but for the purposes of this complaint I'm only going to refer to Zurich.

What happened

In July 2019 Mr J took out a car hire excess insurance policy with Zurich to cover him whilst driving a hired car in Spain.

During the time the car was on hire to Mr J, it was damaged by a third party. The car hire company charged £2,947.37 to Mr J's credit card.

Mr J made a claim on his policy with Zurich in February 2020. He posted all the documents and supporting evidence for his claim by registered post. Although Mr J has a receipt to show it was delivered and signed for, Zurich said it never received the documents.

Zurich made an offer of £1,681.64. An email was sent to Mr J to confirm this amount, but he said he did not receive it. Zurich paid this amount to Mr J in July 2021.

After receipt of the settlement amount Mr J made a complaint to Zurich as it had not paid the full amount. Zurich said the amount it had paid was for the policy excess and towing costs, but not the additional costs charged by the rental company for repairs to the vehicle as this was not covered by the policy. Zurich offered £75 compensation for the delay in Mr J's claim being paid.

As Mr J was not happy with Zurich, he brought the complaint to our service.

Our investigator upheld the complaint. He looked into the case and said the policy wording indicates it covers the cost of any damage related to the insured vehicle, including repair costs charged by the rental company. He said Zurich should cover the whole cost of Mr J's claim and increase the compensation offer to £200.

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

What I provisionally decided and why

In this case Mr J made a complaint to Zurich about his car hire excess policy. This specific insurance policy is a separate policy that only covers his excess. The main insurance is covered by the hire company as is normal practice.

I looked at the car hire company terms and conditions documentation and it confirms car hire includes collision damage waiver insurance.

Mr J has made a main insurance complaint about a separate policy that only protects his excess. The following explains in detail about the two separate policies.

I looked at the documentation that Mr J signed when he hired the car. Mr J confirmed he was asked to leave a 1200 euros deposit on his credit card with the car hire company. I have seen the evidence that shows this amount being pre-authorised on his credit card.

At the same time as hiring the car, Mr J took out the excess waiver policy with Zurich. This policy was bought through the car hire company.

A confirmation email from the car hire company confirms the insurance as a "Platinum Excess Waiver Policy". The wording on the certificate of insurance confirms this. The terms and conditions document confirm on each page the policy is "Car Hire Excess Insurance".

Zurich said the policy is designed only to cover the vehicle excess costs. It said the costs which are covered under the policy is the excess and roadside assistance to recover the vehicle.

After the accident the car hire company told Mr J they were entitled to claim the full amount of the cost of damage from him. They said his insurance policy with Zurich would reimburse him. Mr J said the policy with Zurich should therefore cover all the costs charged by the car hire company for the damage to the car.

Mr J refers to the information within the policy that says;

"What is Insured

Excess Insurance

Up to £6,000 for any single incident or series of incidents during any single vehicle rental agreement. This includes

- Accidental damage including any caused by fire, theft or vandalism.*
- Accidental damage to windscreens, tyres, roof and undercarriage.*

Up to £1,000 for any single incident or series of incidents during any single vehicle rental agreement. This includes:

- Rental fees charged by the rental company for which you are liable during a period for which you are unable to use the rental vehicle.*
- Related towing costs to travel home or to your destination, including any additional costs incurred by you arising from the breakdown of the rental vehicle, as long as those fees or costs are the result of accidental damage or theft."*

I checked and agree this detail is written into the policy however the policy is cover for "Car Hire Excess". In this case the excess to the car hire company was 1200 Euros.

After the incident the car was towed away and assessed for damage. The car hire company charged 1300 Euros and 1900 Euros in two payments on the same day to Mr J's credit card in July 2019. A total of £2946.37 sterling.

I have seen Mr J disputed these two amounts with his bank. The bank initially refunded the two amounts, but the car hire company resubmitted them and said they were entitled to charge the amounts against his card. The bank told him if he still disputed the charge through the bank to explain his reasons and this may allow the bank to return the charges to the car hire company again.

Mr J also phoned the car hire company for an explanation. The car hire company told Mr J they were entitled to claim the full amount of damage under the terms of the hire agreement

and he would have to claim that amount from the insurance company. They assured him he was fully covered, with the Zurich Platinum excess policy.

I have seen no evidence to show this is correct. The evidence in the terms and conditions in the Zurich policy confirm it is the excess only that is covered.

As there was damage to the car during the term of hire, the policy Mr J had with Zurich covered the excess charged and towing costs. Zurich have paid the excess, plus the car recovery costs, as is required under the terms of the policy. It has not paid the additional amount as there is no evidence that Mr J is liable to pay this to the rental company.

Zurich said Mr J has been charged more than the excess amount by the car hire company and he should contact the car hire company to discuss this further, as it's not usual for customers to be charged the full claim costs, as these are covered by the motor insurance provider used by the car hire company.

Mr J has been unable to provide any evidence from the car hire company that the additional amount charged to him for damage should be considered under his policy with Zurich in addition to the full excess and recovery costs already paid.

I can assure Mr J that I have taken his complaint very seriously and I believe he genuinely thought the policy with Zurich covered more than the car hire excess. I also realise this matter has caused him a great deal of distress and a significant financial loss.

However there is no evidence to support that Zurich are liable to cover the additional amount charged by the car hire company. I think Zurich has settled this claim fairly and within the terms of the car hire excess insurance policy.

I do agree there were delays caused by Zurich in responding to Mr J's claim. Zurich offered him £75 compensation to recognise delays when the settlement was made. I think this should be increased to £200 to take into account the long delays caused by documents sent by registered mail, not being received into Zurich's claim process. Zurich were unable to confirm the documents were received and I do not think Mr J could have done anything any differently to track these items.

I am unable to comment on the car hire company or bank responses as this does not form part of this complaint. However Mr J can bring a separate complaint against the main insurer if he wants.

Therefore, I intend to partially uphold Mr J's complaint and require Zurich to pay a total of £200 compensation for the delays in settling his claim.

Responses to my provisional decision

Mr J responded to say:

- He is out of pocket because either the car rental broker sold him a policy that didn't fully cover him, the car rental company have taken money from his bank of which they were not entitled, or Zurich are lying by saying the policy only covered the excess.

Zurich responded to say:

- Mr J's claim was reviewed and accepted within a month of it being reported. It said it sent numerous chasers to obtain BACS details to make the claim payment. The claim was re-opened in April 2021 and at the end of June 2021 the claim payment was authorised and paid to Mr J after approximately five working days. It felt the compensation of £75 it had offered for delay was fair and reasonable.

- This complaint decision means there has been no increase to the settlement amount paid.

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.

In response to Mr J:

- The evidence in the terms and conditions in the Zurich policy confirm it is the excess only that is covered. I am unable to respond to comments made regarding the car hire broker and hire company as this does not form part of this complaint.

In response to Zurich:

- The compensation of £200 is for the delay between March 2020 and June 2021. Although Zurich said it chased Mr J numerous times, in the same email it says it only sent two emails in April 2020. I think contact should have been attempted by other methods and more than twice. I have also seen evidence of Mr J contacting Zurich in May 2020 to pursue his claim and submit a complaint, in which it says it cannot find the documents he has submitted by post. I therefore maintain that £200 is a fair and reasonable amount to take in to account the inconvenience and frustration caused to Mr J by the long delay.

Based on the evidence I've reviewed I maintain my provisional decision and I partially uphold Mr J's complaint.

My final decision

For the reasons I have given I intend to partially uphold this complaint.

I intend to require Zurich Insurance Plc to pay Mr J a total of £200 in compensation, less any amount already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 27 June 2022.

Sally-Ann Harding
Ombudsman