

The complaint

Mr C complains that U K Insurance Limited (UKI) didn't provide him with a courtesy car when he made a claim on his motor insurance policy. He wants UKI to reimburse him £756 for his travel costs.

What happened

Mr C had Guaranteed Hire Car cover on his policy with UKI. Mrs C was the car's main driver. After an accident, the car was taken for repairs but UKI's hire car provider couldn't deliver a hire car to his address. Another company could do so, but only after the car had been repaired. So Mrs C was without a car for 14 days and Mr C had to drive her to and from work. UKI apologised and paid Mr C £100 compensation. It said he was entitled to claim up to £500 for his travel costs, but he needed to provide proof of these. Mr C said he would accept £600, but UKI disagreed.

Our Investigator recommended that the complaint should be upheld. She thought UKI hadn't done enough to contact other hire companies that could have provided Mrs C with a courtesy car. And she thought Mr C had spent 2/3 hours a day and driven more than 1,000 miles over 14 days taking Mrs C to and from work. Mr C hadn't been warned that he should keep fuel receipts, so she thought it was unfair for UKI to request these. So she thought UKI should increase its compensation offer to £250 for this inconvenience. And she thought UKI should reimburse Mr C for his fuel costs without receipts.

UKI disagreed with the Investigator as it thought it had met the policy requirements in trying to provide a courtesy car and then offering to reimburse travel costs. But it offered to reimburse travel costs up to the policy limit of £500 without receipts. It thought £100 compensation was fair and reasonable. But Mr C replied that this didn't take into account his time spent driving his wife. He wanted £756 for his travel costs.

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.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

I can see that there's no doubt that Mr C was entitled to a courtesy car under his policy. UKI's supplier said it didn't have one available to deliver until five days after Mr C's car had been taken for repair. Mr C told it this was unacceptable, and it wasn't delivered. Another provider then delivered a car after Mr C's car had been returned repaired.

I can understand that Mr C felt frustrated by this. This supplier said it could have delivered a car at the start of the claim if it had been instructed. And so I agree with the Investigator that UKI could have done more to try and deliver a car to Mr C sooner. And UKI upheld Mr C's complaint, and it offered him compensation for his inconvenience and to refund his travel costs if he provided proof that these had been incurred.

When a business makes a mistake, as UKI accepts it 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.

In making its offer, UKI relied on page 15 of the policy terms and conditions which state:

"If we cannot provide you with a hire car because any of the following applies, we'll repay your travel costs up to £50 per day, up to a total of £500 per claim if:

> There are no hire cars available, and no alternative cars are available for hire.

You can use this benefit any time in the 21 days following your claim. You'll need to pay the costs up front, and then send us your receipts or proof of travel. We can only pay you back once we receive these."

Mr C thought the policy term and condition didn't apply in his circumstances as hire cars were available from other providers. But I think the intention of the term is to cover times when UKI isn't able to provide hire cars, as was the case here. It can't spell out every eventuality. So I think it was reasonable for UKI to rely on it.

UKI later said that this term meant that Mr C should provide petrol receipts, which he didn't have. And I don't think UKI warned Mr C of this. The policy asks, alternatively, for proof of travel. Mr C provided details of his journey dates and destination details. So I think he met the policy terms and conditions and UKI should reimburse him for his travel costs up to the policy limit, which was £500, which it has now agreed to do.

Mr C calculated his travel costs as being £756. But the policy doesn't require UKI to pay more than the policy limit. In any case, except for the accident, Mrs C would have been incurring some travel costs travelling to work. The excess costs incurred were the return journeys Mr C made. So I think £500 is fair and reasonable reimbursement.

Mr C has been put to inconvenience by having to ferry Mrs C to and from work for 14 days. He said this took about two hours a day. UKI paid him £100 compensation for this. But I don't think this is sufficient for the impact on Mr C. Our Investigator recommended that UKI should increase its offer to £250 in total. I think that's fair and reasonable as it's in keeping with our published guidance for this level of impact.

Putting things right

I require U K Insurance Limited to do the following:

1. Reimburse Mr C £500 for his travel costs, without requiring receipts, as it has already agreed to do.
2. Pay Mr C a further £150 (£250 in total) compensation for the distress and inconvenience caused by its handling of his claim.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 6 September 2022.

Phillip Berechree
Ombudsman