

The complaint

Mr Y has complained about his car insurer Ageas Insurance Limited in relation to a claim he made to it in November 2021.

What happened

Mr Y had an accident on 30 November which was not his fault. He called Ageas and thought it would arrange to collect his car and give him onwards travel. But Mr Y ended up driving his damaged car to Ageas' repair centre and getting a taxi to work. He didn't receive a call he was expecting from Ageas' legal team and he was unhappy with the hire car he was offered.

Ageas asked Mr Y to pay his excess. Mr Y felt that was unfair – that Ageas should be chasing the insurer of the 'at fault' driver. The other insurer did agree liability and Mr Y did not have to pay the excess. But he felt Ageas should have done more sooner to get that agreement, rather than trying to make him pay.

In respect of the hire car Mr Y had been unhappy about the car provided. Ageas said it was not responsible for that as the hire car had not been arranged by it. Mr Y said his policy gave him replacement car cover for a car like his own. He said having only been given a smaller car had made it hard for him to work.

Mr Y's car was found to be a total loss. Ageas contacted the finance provider for Mr Y's car to obtain a settlement value. Mr Y wasn't happy about that. When Ageas settled the claim it paid Mr Y the agreed value less the amount the finance company had said was outstanding. But Mr Y had paid the finance company. He complained to Ageas about the insufficient payment he had received. And also because the hire car company had said it needed to take the car back as full settlement had been made.

Once the car had been found to be a total loss, Mr Y said he asked Ageas to cancel the cover. Ageas said it spoke with Mr Y about his options as he might have wanted to keep the policy for a new car. Ageas felt it had been left for Mr Y to decide what to do. Mr Y felt Ageas had unfairly continued to take payments from him in the three months since that conversation took place. Ageas didn't think it had done anything wrong in this respect and wasn't minded to refund any premiums.

Ageas did accept it had misled Mr Y about when the legal team would call him. It also apologised for the settlement payment having been split – it said it hadn't known a further payment had been made but it should have checked before making the settlement.

Mr Y remain unhappy. He complained to us.

Our Investigator didn't think Ageas had done anything wrong. So he didn't uphold the complaint. Mr Y was unhappy so his complaint was passed for to me an Ombudsman's consideration. I issued a provisional decision, my findings of which were:

"Recovery

I appreciate Mr Y would have wanted to be collected sooner. But I can understand that his car, as it was in a safe position, wouldn't have been a priority for collection. He does have cover for onwards transport though and I see he did provide a taxi receipt to Ageas. Ageas' file refers to it paying £19.00 into Mr Y's bank. Assuming that sum was paid, I'm not going to require it to do anything more in this respect. If it hasn't been paid it should pay it now, plus interest from 7 December 2021 the date the proof of this payment was provided to it, until settlement is made.*

Legal team

Ageas accepts it misled Mr Y about the contact time. Mr Y thought he would have contact within 24 hours, but the response time for the team was 48 hours. I don't think this materially affected the claim. But I accept it was frustrating for Mr Y to have waited for a call which didn't come within the expected timeframe, and then to learn he'd been given incorrect information. I've taken this into account when awarding compensation below.

Excess

Most insurance contracts include an excess and this is the first amount of the loss which the policyholder is usually expected to pay. I don't think Ageas did anything wrong in initially asking Mr Y to pay this. And I know he thinks it could have done more sooner to get agreement on liability from the other insurer. But I see Ageas did make contact with the other insurer on the day of the accident and it spoke with the other insurer within 24 hrs. At that point liability was agreed and within an hour Mr Y was advised he did not need to pay the excess. I'm not persuaded I could reasonably say Ageas should have done more or that it should have acted more quickly. So I don't intend to uphold this aspect of the complaint.

Hire car

Mr Y believes he has cover on his policy with Ageas for a replacement car, not just a courtesy car. It is possible to take out cover as an optional extra for replacement car cover. This would mean Ageas would, in certain circumstances, provide a replacement car, similar to Mr Y's, for Mr Y to use for 14 days during the claim. But I've seen Mr Y's policy documents and he did not have this cover.

Ageas put Mr Y in contact with a credit hire company because it accepted he was not at fault for the accident, even before the other insurer accepted that was the case. But the credit hire company doesn't act as Ageas' agent and Ageas does not control what car it provides.

Rather the credit hire company provides cars in line with certain industry standards. Ageas said it thinks the hire company provided a car in line with those standards – but even if it hadn't, I couldn't blame Ageas for what the hire company chose to do.

However, I do think Ageas misled Mr Y in this respect. Mr Y asked Ageas if he would get a car like his own. And Ageas agreed that he would – "comparable but not identical". But, according to detail on Ageas' file, Mr Y was never going to be able to get a car like his own because, under the industry standards, the age of his car meant he was only entitled to a car with a similar engine size – not a vehicle which was overall comparable to his own car. I think Mr Y was misled in this respect by Ageas. There was nothing that could have been done to change the car Mr Y could get but I think Ageas should have known that the age of his car might well affect what sort of car he would be given. I accept it was frustrating for Mr Y to get something which wasn't in line with what he'd been led by Ageas to expect he would get. I'll take that frustration into account when awarding compensation.

Finance company

Ageas was entitled to contact the finance provider. But I note that following this Mr Y did tell it that he was making the final payment. It was then a couple of months before settlement was arranged. I think Ageas missed the important information Mr Y had shared with it – that he was making the final payment to the finance company. And that Ageas should have checked the current status before making the settlement. I appreciate it was frustrating for Mr Y to only be paid part of the settlement sum. But I bear in mind the outstanding amount which had been incorrectly paid to the finance company was only £284.94. And Ageas paid this to Mr Y within a few days of him alerting it to the problem. I appreciate this was frustrating for Mr Y, and caused him some inconvenience because he shouldn't have had to chase Ageas on this issue. I know he has said its short payment meant he couldn't replace his car – but I'm not persuaded that the payment of just over £5,000 being short by around £300 really prevented Mr Y from replacing the car. I'll take the frustration and inconvenience I've accepted Mr Y was caused into account when awarding compensation.

Cancellation

The car was found to be a total loss in December 2021 and the parties were negotiating the settlement value. On 23 December 2021 Mr Y spoke to Ageas. He's said he asked it to cancel his policy but it didn't and he'd kept paying monthly premium payments to it. Ageas has said cancellation was discussed, but it left it for Mr Y to decide if he wanted to transfer the cover to another car. Mr Y didn't transfer the cover but Ageas wasn't minded to refund his premiums.

I've heard the calls that took place on 23 December 2021. I accept that Ageas did leave it with Mr Y that the policy would need to remain in place until settlement was made. I think that was fair and reasonable of it. That's because the policy was still active. But also because Mr Y was using a hire car. Whilst this was provided due to the other driver being at fault, and not under the Ageas policy, Mr Y still needed to be insured in order to drive the hire car. However, I don't think it's fair to say that Mr Y was uncertain in this call about how he wanted things to progress. I think he was very clear that he did not want to remain on cover with Ageas – that even the possibility of losing his sixth year of no claims by cancelling the policy early, was not an issue for him. In the circumstances here I think Ageas needs to back date the cancellation of Mr Y's policy to the date the hire car was returned (which I believe was during early February 2022). It will have to pro-rate his cover to that date, providing a refund to him of any overpaid sums. To any refund amount Ageas will have to add interest from the backdated cancellation date until settlement is made. And, when I look at compensation, I'll take into account Mr Y's frustration caused by Ageas' failure to backdate his cancellation.*

Compensation

As I've explained above, I think Ageas did fail Mr Y at times. In the circumstances here, I think £300 compensation is fairly and reasonably due."

In reply Ageas said it had now cancelled the policy back to the incident date. It said a refund of premiums had been processed on 30 March 2022 to be sent to Mr Y. It said it hoped this would impact the compensation I'd provisionally suggested awarding.

Mr Y said he had nothing to add in reply to my provisional findings. When asked by our Investigator, he confirmed that he had received the premium refund from Ageas.

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.

As the cancellation of the policy and premium refund issues have been resolved, I'll remove my awards that were provisionally made in these respects. But my compensation award (along with that for the taxi cost) will remain unchanged.

As I said provisionally, I think Ageas always could have backdated Mr Y's cancellation but it initially refused to do so which caused Mr Y frustration. That feeling Mr Y suffered was not negated or diminished by the fact that Ageas later revised its position. I remain of the view that it's fair and reasonable for me to take Mr Y's frustration into account when awarding compensation. So my provisionally suggested compensation award has not changed.

Putting things right

I require Ageas Insurance Limited to:

- (Unless this has already been paid to Mr Y) – Pay Mr Y £19.00, plus interest* from 7 December 2021, the date the proof of payment for this cost was provided to it, until settlement is made.
- Pay £300 compensation.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs requires Ageas to take off tax from this interest. If asked, it must give Mr Y a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Ageas Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 13 October 2022.

Fiona Robinson

Ombudsman