

The complaint

Mr F complains that Advantage Insurance Company Limited (Advantage) didn't fairly compensate him for car hire costs he incurred while he waited for it to carry out repairs on his insured vehicle.

What happened

The background of this complaint is known in detail to both parties, so I'll summarise what I think are the key points:

- Mr F made a claim for damage to his car under his Advantage car insurance policy.
- Advantage authorised its nominated repairer to carry out the repairs and it retained Mr F's car in storage until the work could begin – holding possession of the vehicle from the 22 December 2021 to 20 January 2022.
- Mr F says Advantage failed to provide him with a replacement vehicle during this time as per the terms of his policy, so he had to hire a car himself at a cost of £450.72, which he asked Advantage to pay.
- Advantage said that while the policy does provide a replacement car, it's only while the insured vehicle is being repaired. Under normal circumstances this would happen within five working days, but Advantage argued that given the time of year and bank holidays, repairs, and in turn a replacement car, wouldn't have been possible until 4 January 2022 at the earliest, which was after the time Mr F needed it anyway.
- It therefore didn't agree to pay his car hire costs but it did acknowledge the time to repair went on longer than it expected, a replacement car was never provided and that there were other failings in its service. So it offered £150 for the distress and inconvenience caused. Mr F accepted the £150 compensation but still wanted his hire charges reimbursed.
- Our investigator considered the complaint and found that had Advantage met its usual timescales of five working days, the date Mr F should've in fact been in receipt of a replacement car was 31 December 2021. And they acknowledged that Mr F was without a car for almost a month – significantly longer than five working days.
- Advantage reconsidered its position on the case and said that in addition to the £150 compensation already offered, it would pay Mr F £60.96 towards his car hire costs plus £10 per day for loss of use from the 5 to 20 January 2022 (£150 in total) when Mr F had no vehicle.
- Our investigator thought this was fair, but Mr F disagreed, so the complaint was passed to me to make a decision.

I thought differently to the investigator's findings, so I issued a provisional decision on this case in November 2022. In it I said:

- *I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

- *Advantage has a responsibility to handle claims promptly and fairly.*
- *In the event of an accident and subsequent accepted claim, Mr F's policy provides him with a standard class A courtesy vehicle for the duration of repairs when using Advantages approved repairer.*
- *As set out above, this process usually takes around five working days. But due to what Advantage says was a lack of availability from its car hire providers, Mr F never did receive a replacement car for the entire duration he was without his vehicle.*
- *Advantage may well have found it difficult to secure a repairer at the time of year Mr F's claim was made, but that doesn't negate its obligations under the policy.*
- *Mr F's contract of insurance is with Advantage – not with its chosen providers. And their inability to meet Advantages usual timescales isn't his fault, so it stands to reason that he shouldn't suffer detriment because of this.*
- *Had Advantage handled Mr F's claim as it should have, he most likely would have been in possession of a replacement vehicle by 31 December 2021 and he'd have had the vehicle until his car was repaired and returned to him on 20 January 2022.*
- *Instead he had to pay to hire a car out of his own pocket and was then without any vehicle for a further 15 days. I don't think this is prompt or fair in this case and Mr F has incurred costs he shouldn't have as a result.*
- *I don't think the current offer from Advantage fairly compensates him for these costs. It follows based on what I've seen so far, I think differently about the steps Advantage needs to take to put things right in this case.*
- *Mr F paid £450.72 for his car hire, but I'm aware this was for a larger vehicle than would've been provided under his policy. And taking into consideration Advantage's five working day timescale, he arguably had access to this car two days earlier than he most likely would have, had Advantage been able to arrange it.*
- *With that in mind I think the fairest approach in this case would be to consider what the reasonable costs would be for a class A (or equivalent) car hire from the 31 December to 4 January from Mr F's actual pick up and drop off points and times.*
- *I have no way of doing a retrospective quote for that period. But looking at the equivalent for this year from two providers, one of which is the provider Mr F used, the quotes range from £350 to £400.*
- *In the absence of a retrospective quote, I intend to direct Advantage to pay Mr F a figure that sits in the middle of these amounts - £375. With the addition of 8% simple interest from the time Mr F paid for the car hire to the time of settlement.*

I gave both parties a chance to respond before making my final decision. Mr F accepted the provisional decision and Advantage didn't respond.

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 uphold this complaint and I'll explain why.

Mr F accepted my provisional decision and Advantage failed to respond. So in the absence of any further information that changes my mind my decision remains the same in this case for the reasons set out in my provisional decision.

It follows I uphold this complaint and Advantage Insurance Company Limited must now take the steps set out in my final decision below to put things right.

My final decision

For the reasons set out above, my final decision is that I uphold Mr F's complaint. Advantage Insurance Company Limited must:

- Pay Mr F £375 towards the cost he paid for his car hire plus 8% simple interest* on this amount from the date Mr F made the payment for the car hire to the date Advantage Insurance Company Limited pays Mr F this settlement.
- Pay Mr F £200 for distress and inconvenience – it can deduct the sum of £150 from this if this has already been paid to Mr F.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 16 December 2022.

*If Advantage considers that it's required by HMRC to take off income tax from the interest, it should tell Mr F how much it's taken off. It should also give Mr F a certificate showing this if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Rosie Osuji
Ombudsman