

## **The complaint**

Miss T complains that Automobile Association Insurance Services Limited (AAISL) referred her to an accident management company (AMC) for credit hire, without explaining the options available to her, when her car was damaged.

## **What happened**

Miss T bought her motor insurance policy through an insurance broker - AAISL. She was involved in an accident on 8 July 2021 and called AAISL, to make a claim under her motor insurance policy. Miss T was asked for the details of the accident which she gave, AAISL arranged for her repairs to be dealt with by her insurer who I'll refer to as "A" then passed her to the AMC for a hire car. She says she wasn't given a choice in this, and the AMC's role wasn't properly explained to her.

Miss T's car was repaired in August and the AMC provided her with a hire car throughout the repairs.

A and the AMC weren't initially able to get a response from the third party insurer (TPI) regarding their outlay. Then the TPI disputed liability, and the matter was eventually presented to court to be settled.

Miss T was worried, if liability wasn't found in her favour, she would be left to pay for hire car costs that she would never have faced if she had been provided with a courtesy car – as she thought she had been. So, she complained to AAISL. They accepted they did not provide her with her options prior to referring her to the AMC. They also accept they didn't tell her what the AMC's role was, but said they were acting in her best interests.

Miss T wasn't satisfied with this response and so brought her complaint to this service. While Miss T's complaint was being investigated the liability dispute was settled in Miss T's favour and it was confirmed she is not being pursued for the hire car costs.

Our investigator upheld Miss T's complaint though and asked AAISL to pay Miss T £200 for worry caused to her and explained she didn't think AAISL had acted in Miss T's best interests when referring her to the AMC as:

- AAISL were obliged to provide Miss T with clear, fair and not misleading information, meaning she should have been presented with a balanced view of her options so she could make an informed choice about how she wanted to move forward. And they didn't do this – they didn't provide her with any options at all.
- At the time of the referral, there had been no admission of guilt from the other driver or the TPI, so there was a risk liability could be disputed.
- Miss T had courtesy car cover included within her motor insurance policy and on the face of it there was nothing to suggest Miss T had needed a like for like car.

AAISL didn't agree, they said the referral isn't an instruction and they wouldn't go into to

details about the AMC's role – that is for the AMC to do and if Miss T wanted to reject the option, she could have been referred back to AAISL to arrange a courtesy car.

The matter has now been passed to me to decide.

### **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.

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

Before I address the merits of this complaint, I want to acknowledge that Miss T has also made a complaint to the AMC about their actions, but this does not form part of this complaint. I will only be considering what happened between Miss T and AAISL during the call when she was referred to the AMC and if AAISL met the required standards.

In line with *Principle 7* of the FCA Handbook: *Communications with clients* (see *PRIN 2.1R The Principles*) and *ICOBS 2.2.2R (Clear, fair and not misleading rule)* AAISL as Miss T's insurance broker AAISL were obliged to provide her with clear, fair and not misleading information. This means when she called them to notify them of her claim, they ought to have provided her with clear and balanced information about her options, so she could make an informed choice about how to proceed.

AAISL were also required under *Principle 6 (PRIN 2.1R)* to pay due regard to the interests of Miss T as their customer and treat her fairly. And in line with the *Customer's best interests rule* under *ICOBS 2.5.-1R*, AAISL were required to act honestly, fairly, and professionally in accordance with the best interests of their customer. And, in line with *Principle 9 (PRIN2.1R)*, if any recommendations were made, they were required to take reasonable care to ensure the suitability of their advice.

I've reviewed the contents of the call and considered if AAISL met their regulatory requirements, and I don't think they did. I say this because when Miss T explained the circumstances of the accident, she was told by AAISL *"This would go down as non-fault definitely"*. They then told her where her nearest approved repairer was located. She asked about the possibility of using her own garage, but AAISL told her that they would prefer her to use their approved repairer and explained the reasons why. Miss T agreed to this as she said she didn't want to hold things up.

AAISL's call handler then said: *"What we will do now is put in the AMC for your hire. So, you'll get a similar specification hire vehicle if we use the AMC"* Miss T asked, *"Sorry so the AMC is the courtesy car?"* and was told *"Yes they give you a like for like vehicle for the duration of the repair"*

It's clear Miss T wasn't given any options at all, let alone balanced ones. As at the point of the call there had been no admission of liability from the third party, AAISL should have pointed out to Miss T that there were risks associated with using the AMC and taking a hire car.

AAISL didn't ask Miss T if she had a need for a car and if so, did she need a like for like one. Miss T has told us that she thought she was being provided with a courtesy car, as she was entitled to under her motor insurance policy. Her own car was still drivable, and Miss T had

said the damage was very little, just a small area underneath the back light. A courtesy car was all she expected and AAISL hadn't established a need for a like for like car. This, in my view, makes any recommendation for credit hire inappropriate, as this could inflate the claim costs unnecessarily and go against Miss T's duty to mitigate her losses. And ultimately could affect whether the hire car charges are recoverable from the TPI.

Based on what Miss T has told us and listening to the referral call I'm satisfied that had Miss T been presented with balanced options of the choices she had, she would have chosen to take the courtesy car cover her policy provided for, and not taken the risk of being liable for hire car costs. So, I can't fairly agree that AAISL acted in Miss T's best interests when referring her for credit hire.

I'm pleased to hear that liability has now been settled and Miss T has been reassured that she will not be liable for the hire car costs. But this doesn't take away the worry that she had about this while liability was in dispute.

I've considered AAISL's argument that it wasn't an instruction and Miss T could have declined, I don't agree that she knew she had this option. So, I think but for AAISL's inappropriate referral she would not have been in this position and so would not have faced this worry. Because of this I believe AAISL needs to compensate Miss T.

### **Putting things right**

AAISL should now pay Miss T £200 compensation for the distress the referral ultimately caused her.

### **My final decision**

For the reasons set out above, I uphold this complaint and I require Automobile Association Insurance Services Limited to carry out the actions as set out under the 'Putting things right' section of this decision

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 14 April 2023.

Amber Mortimer  
**Ombudsman**