

## **The complaint**

Mr and Mrs H have complained about I Go 4 Ltd referring them to an Accident Management Company (AMC).

IGO4 had an agent acting on its behalf for the referral. For simplicity I've referred to the agent's actions as being those of IGO4.

## **What happened**

Mrs H is a named driver on her husband, Mr H's, motor insurance policy. In April 2021, when Mrs H was driving the vehicle, it was damaged in a collision with a third-party. She called the policy's broker, IGO4, to register a claim.

IGO4 provided two options. A claim could be pursued through Mr H's own motor insurer. Alternatively an AMC could be used. The latter option was selected. This meant the claim wouldn't be dealt with by Mr H's insurance policy. Instead the AMC would deal with repairs, arrange a hire car and attempt to recover costs from the third-party insurer (TPI) – through a credit hire/repair agreement.

In March 2022 Mrs H complained to IGO4. She said she hadn't been initially made aware that she had been referred to an AMC. She complained Mr H was now being pursued for the £31,000 hire car cost by the AMC. She said if she had known this could happen, she wouldn't have continued with the referral call. Mrs H was also unhappy that correspondence had been sent to Mr H despite him not being involved in the collision. In addition she felt IGO4's refund calculation, after the policy was cancelled, was unfair.

In June 2022 IGO4's agent responded to the complaint. It said Mrs H was presented with both options and she choose to pursue the claim though the AMC. It didn't accept it had failed to provide adequate information about the options. It explained the AMC had provided her with additional information about its service. It added that correspondence was sent to Mr H, despite him not being involved in the incident, as he is the main policyholder. Mr and Mrs H weren't satisfied so came to this service.

Our investigator believed IGO4 failed to provide Mr and Mrs H with clear, fair and not misleading information during the AMC referral process. She felt if it had they probably would have used their own insurance policy for the claim – and so wouldn't have experienced the difficulties and distress associated with the hire car costs. The investigator recommended IGO4 pay Mr and Mr H £400 to compensate for the impact of that. However, she felt it had fairly administered the premium refund.

Mr and Mrs H accepted that outcome. However, as IGO4 didn't the complaint was 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr and Mrs H and IGO4 provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure them that I have considered everything provided.

I've listened to the notification of loss call Mrs H made to IGO4. I've considered if she was provided with the information I'd expect in the circumstances.

If a consumer contacts their broker to claim following an accident, that broker should provide them with information that's fair, clear, and not misleading – to enable them to make an informed decision about how they want to proceed. This should include discussing the pros and cons of claiming on their policy over using an AMC.

IGO4 set out a few potential downsides of Mrs H claiming through Mr H's own policy. These included the need to pay a policy excess – although it did explain that this could potentially be claimed back. It also explained a claim could affect the policy until the matter was resolved.

However, it didn't explain any of the potential benefits of using Mr H's policy. For example in its complaint response letter IGO4 acknowledges claiming through Mr H's policy is the quicker process. But it didn't provide that information in the call. Neither did it explain that Mr H's policy provides, whilst the vehicle is with the insurer's repairers, '*...at least a small hatchback courtesy car...*'.

IGO4 described the AMC service as its supplier who acts on Mrs H's behalf by claiming directly from the third-party's insurer. It said this will come at no cost to her, that it will sort out repairs to the vehicle and provide a hire vehicle.

However, it didn't provide the potential downsides of the option. A broker should make the consumer aware that entering into an AMC agreement means stepping outside a regulated contract of insurance. This means they're likely to lose the option to complain to us if things go wrong. IGO4 didn't explain this.

It should also be explained that if the third-party contests liability that the consumer is potentially liable for any unrecoverable credit hire costs and that they would need to enter into an unregulated credit agreement for these. IGO4 didn't explain this either.

The broker should also act in the best interests of their customer – so before discussing credit hire/repair, the broker should investigate to see if these services are suitable for the consumer – for example, by checking the accident is likely non-fault and that the consumer has a need for a hire car.

There was a discussion of the circumstances of the accident – and it's fair to say it seemed likely to be non-fault. However, the discussion of Mrs H's need for a hire car – one of the key benefits of using an AMC – wasn't balanced.

Earlier in the call IGO4, before introducing the idea of using an AMC, had raised the possibility of a hire car. When asked where the damaged car's condition left her, Mrs H explained Mr H had another vehicle that can be used. She didn't express a significant need for two cars to be available to the household. IGO4 asked about what happens when Mr H 'is about'? It asked does he drive one vehicle and she the other. Mrs H denied this, saying she usually drops him at the station for his commute to work. IGO4 responded by promoting the flexibility two cars could provide.

IGO4 went on to say it was looking to sort out a hire vehicle at no cost to Mrs H. Unsurprisingly she, not having been informed she may end up liable for its costs or that Mr H's policy might provide a courtesy car anyway, responded positively to this suggestion.

For the reasons set out above, I agree with our investigator that IGO4 failed to provide clear, fair and not misleading information about Mrs H's options. It focused on the negatives of claiming through Mr H's policy and the positives of using the services of the AMC.

If a broker doesn't explain a consumer's options properly, this service will try to put the consumer in the position they would have been in, had things been explained in a clear and balanced way.

So I've considered what likely would have happened if IGO4 had explained the options in a clear and balanced way. In that event Mrs H would have been told of the following. Under Mr H's policy a small hatchback (as a minimum) courtesy car would be provided whilst the family's car was in for repairs. She would have been told, with the AMC option, she or Mr H may find themselves liable for any hire car costs the AMC was unable to recover from the third-party insurer.

Finally there would have been a more balanced discussion of the family's need for a second car – and less promotion of the flexibility two cars would give. Having listened to Mrs H discuss the family's circumstances I'm persuaded they could have managed with a smaller car (as provided by Mr H's policy). The family's car was eventually declared a total loss, so they may not have been provided a car under Mr H's policy, but that wasn't known at the time of the referral decision.

Considering the family's circumstances and the risk of being liable for unrecovered hire costs, I think it's most likely Mrs H wouldn't have chosen the AMC option. Instead she would have opted for claiming through Mr H's policy.

IGO4's pointed out that Mr and Mrs H signed an AMC form to declare a need for a replacement car. I haven't said there wasn't any need. Instead I've found, had Mrs H been put in the position to make an informed decision, she probably wouldn't have chosen the AMC option. So there wouldn't have been a referral to the AMC.

So I've gone on to consider what would have happened differently without that referral to the AMC. The third-party insurer offered Mrs H a hire car. So she may have had use of one without the AMC referral anyway. In addition it seems they likely they would have received the total loss settlement for their vehicle much sooner than they did.

The main difference would have been an absence of the distress Mr and Mrs H experienced regarding the £31,000 hire costs. Mr H was threatened with becoming liable for these. Mrs H has described Mr H as being harassed by the legal firm, acting for the AMC, with text messages, letters and emails. She's also reported how it made a doorstep visit to their home. Mrs H has explained how all this caused the family significant distress and inconvenience – including negative effects on her health and relationship with Mr H.

I accept IGO4 isn't responsible for the actions of the AMC – and that Mr and Mrs H ultimately weren't found to be liable for the hire costs. But it is responsible for a poor referral to the AMC. Without that Mr and Mrs H wouldn't have experienced the significant distress and inconvenience they have reported. So I agree with the investigator that it fair and reasonable for it to pay them £400 compensation. This recognises the impact of the unnecessary distress and inconvenience they have experienced.

Mrs H also complained about IGO4's premium refund calculations after the policy was cancelled. Our investigator was satisfied these had been made fairly and correctly. Mrs H seems to have accepted this. As a result I haven't considered the issue in detail here. But I agree with the investigator that IGO4 acted fairly when calculating the refund due and applying fees.

### **My final decision**

For the reasons given above, I require I Go 4 Ltd to pay Mr and Mrs H £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 6 September 2023.

Daniel Martin  
**Ombudsman**