

The complaint

Miss M has complained that her insurer Ageas Insurance Limited passed her details to a credit hire company (CHC) and failed to tell her she would need to pay a waiver excess when she made a claim under her car insurance policy.

What happened

Miss M called Ageas to report an incident involving her car. She said while sitting as a passenger in a car park, another driver bumped into their car and driven away.

Miss M provided the car registration details of the other car to Ageas.

Ageas set up a claim and arranged for Miss M's car to be repaired by an approved repairer (AR). It also arranged for Miss M to have a hire car for the duration of repairs.

When the hire car was delivered to Miss M, she said the CHC agent told her she needed to either pay a waiver excess or she would be subject to paying twice the excess amount under her policy, which was £350 (so £700). This wasn't something Ageas had told her when she reported the incident. So Miss M said she felt duped into having to pay a waiver excess fee to the CHC. Miss M said Ageas had advised her she wouldn't have to pay anything for the hire car.

Miss M complained to Ageas - she wanted Ageas to provide a refund for the waiver excess she paid of £27.99.

Ageas didn't uphold Miss M's complaint. It said the CHC has a separate arrangement which it provides and it was Miss M's choice to purchase the waiver excess. It said if Miss M had use of a courtesy car through the AR, she would be subject to an excess in the event of damage to the courtesy car in any event. It clarified that Miss M would have only ever been subject to one excess, not two.

Miss M remained unhappy and asked us to look at her complaint. Our Investigator thought Ageas had acted reasonably.

Miss M didn't agree. She said she wasn't complaining about having to pay an excess. She understood there is a difference between a policy excess and a waiver excess. Her complaint is that she was lied to and this led to her paying a waiver excess for a car that should have been provided by Ageas and not an external hire car company.

Miss M said her complaint has always been about being duped into paying a waiver excess and misinformation.

Miss M said in the notification call she was led to believe the replacement car was being provided by Ageas as part of her claim.

I issued a provisional decision on 20 June 2023 as I intended to uphold the complaint. I thought Ageas hadn't offered Miss M a courtesy car with the AR in line with the policy and hadn't fully explained the options when offering a hire car. I said I intended to ask Ageas to pay Miss M £150 compensation for the distress and inconvenience caused by its failure to properly explain its referral to a CHC. This took into account the waiver excess payment Miss M made to the CHC for £27.99.

Miss M didn't reply to my provisional decision. Ageas said it accepts my provisional decision

- with comments which I've set out in my findings.

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.

My final decision is along the same lines as my provisional decision.

Miss M's policy with Ageas sets out what will happen when she makes a claim. Key wording from the policy reads:

"Keeping you on the road while your car is being repaired

For incidents in the United Kingdom, the Isle of Man, the Channel Islands and while the car is being transported between any of these countries.

- *If you are using an approved repairer, you will be offered a small courtesy car to drive whilst yours is being repaired.*

Please note

The courtesy car may not be the same size as your own car. If you wish to have a larger car, you may be able to upgrade if you pay an additional sum to the approved repairer, but this is something you will need to agree with the repairer at the time.

- *Once it has been decided that your car can be economically repaired by one of the approved repairers, you will be provided with the courtesy car:*

If your own car is roadworthy and can still be legally driven, the courtesy car will be delivered when your car is collected for repairs.

- *While you have the courtesy car, you will be liable to pay fines for any parking or driving offences, congestion charges and any additional costs for any non-payment of these charges.*
- *The approved repairer will ask you to provide credit or debit card details, which can be used to pay for these costs, if any are incurred."*

Miss M's car was driveable - and so she was entitled to a courtesy car provided by the AR for the duration of repairs.

I've listened to the notification call between Ageas and Miss M. The agent explained that an AR would arrange a date and time for Miss M's car to be booked in for repairs and that she would be provided with a hire car for the duration of repairs. The agent made no reference to the option of having a courtesy car from the AR.

At 21 minutes 25 the agent said; *"Next thing we can do is arrange a hire car - from (CHC name inserted here). They will provide you with a comparable car to the one you're driving. They'll get you to sign a credit hire agreement to recover all of the costs (from the third party insurer) - so they'll deal with that."*

The agent said that the only thing the CHC will ask for is a £1 refundable deposit. The agent said the CHC will give it back to Miss M but it is done to have information to repay any tickets or fines while using the hire car.

At 25 minutes the agent confirmed to Miss M that the AR will give her a ring and they will be aware that the hire car is being provided to coincide (with the repairs).

At 25 minutes 20 the agent said; *"So there will be nothing for you to pay whatsoever and no effect on your policy."*

Miss M asked how it would work when she took out insurance in the future. The agent explained that Miss M would need to report the claim but as a non-fault claim - *"so there will*

be no effect on your policy - we have waived your excess and allowed your No Claims Bonus - (the claim) will be done and dusted by your next renewal”.

At 27 minutes the agent said Ageas will deal with the liability, she reiterated that there was nothing for Miss M to pay and all was set up for a vehicle to drive while hers was being repaired.

We have a long standing approach to these types of complaints. When an insurer passes a customer to a CHC, it needs to show it provided the customer with enough information to make an informed choice. So we look at what information was given, and whether a customer would have done anything differently, had they been given the full facts.

We think a business should - as a minimum - explain that by not claiming on their insurance policy, and dealing with the CHC as a separate company, a customer is stepping outside of their regulated insurance contract – so it is unlikely they’ll have the option of alternative dispute resolution if things go wrong – i.e. they will lose their right to complain to us.

In response to my provisional decision, Ageas Retail Ltd on behalf of Ageas Insurance Limited says that their customers would have the right to complain to us in these circumstances.

We think a business should highlight that if the customer is later deemed to be at fault, even if not fully, they may then be liable for the credit hire/repair costs under the agreement they set up with the CHC – although the CHC can explain more about that.

We think a business should check what cover the customer has in place (which we think is reasonable to expect during a first notification call), and explain this to the customer – e.g. if they already have courtesy car cover.

We also think it’s good industry practice for a business to tell a customer whether an excess is or isn’t payable for credit hire/repair.

In this case, the agent said that due to the circumstances of the incident, Ageas would waive the excess due under the policy as it seemed to be a non-fault incident. However, at this stage liability hadn’t been admitted by a third party.

We think it’s good industry practice for an insurer tell the customer that any excess can usually be claimed back through their insurer in the event of a non-fault claim.

An insurer should provide a consumer with a balanced view of the pros and cons of credit hire/repair. We think it’s reasonable for referrers to highlight the benefits of credit hire/repair, but if they do, they should equally highlight the benefits of an insurance claim.

At no point did the agent offer Miss M the use of a courtesy car by the AR in line with the policy. In response to my provisional decision, Ageas accepts this. The only option given to Miss M was a hire car under a credit hire agreement, even though Miss M didn’t ask for this. Miss M made no request for a car outside of the duration of repairs - nor did she ask for a comparable car to hers. These are some of the reasons why an insurer might offer a customer the option to use a CHC.

I’ve looked at the letter Ageas sent to Mrs M dated 24 July 2022 to confirm how her claim would be dealt with. This includes a ‘Frequently Asked Questions’ sheet. This doesn’t provide any information about the basis for providing a hire car rather than a courtesy car to Mrs M.

So I think if Ageas had properly explained the options to Miss M, on the balance of probabilities, she wouldn’t have opted for a credit hire agreement. And I think the agent misled Miss M into believing she would have nothing to pay under the credit hire agreement. So I can understand Miss M’s upset when she was asked on delivery of the hire car to pay either the excess or the waiver excess. Ageas says Miss M had a choice - but I don’t think Miss M would have been in this position had Ageas properly explained her options to her when she reported the incident.

So I'm upholding Miss M's complaint. I think Ageas should pay Miss M £150 compensation for the distress and inconvenience it caused by failing to properly explain its referral to a CHC - and this takes into account the waiver excess payment Miss M made to the CHC of £27.99.

My final decision

My final decision is that I uphold this complaint. I require Ageas Insurance Limited to do the following:

- Pay Miss M £150 compensation for the distress and inconvenience caused by its failure to properly explain its referral to a CHC. This takes into account the waiver excess payment Miss M made to the CHC for £27.99.

Ageas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Miss M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 23 August 2023.

Geraldine Newbold
Ombudsman