

The complaint

Mrs M complains about the information BISL Limited gave her in relation to a claim she made under her motor insurance policy.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mrs M took out a motor insurance policy provided by BISL. The motor insurance cover was underwritten by an insurer, A.
- Mrs M got in touch with BISL after her car was damaged when another car drove into the back of hers.
- As Mrs M wasn't at fault for the accident, BISL referred her to another company, E, to arrange for the damage to be repaired. Through other companies, E arranged for collection of Mrs M's car. She says additional damage was caused to her car after it was collected. E arranged for the damage it thought was caused by the accident to be repaired – but not the additional damage Mrs M said was caused after collection.
- Mrs M complained to E about what had happened. When it wasn't resolved to her satisfaction, she referred it to this Service. In a separate complaint, we said we couldn't look into a complaint about E and the other companies involved in collecting and repairing the car as they weren't carrying out a regulated activity.
- Mrs M then made a complaint to BISL. She didn't think it had treated her fairly by referring her to companies outside of her insurance policy, who weren't carrying out regulated activities within the scope of this Service. She asked BISL to pay the cost of repairs to the additional damage. And she questioned why the legal cover on her policy couldn't be used to help her in this situation.
- BISL said when it spoke to Mrs M, it had given her two options. One, to proceed under her policy with A, which would likely mean paying her policy excess. Or two, to proceed with E, which wouldn't mean paying an excess. Mrs M chose the second option. It said the legal cover on the policy didn't cover civil damages not directly related to a motor incident.
- Our investigator thought the complaint should be upheld. He said BISL hadn't clearly explained the advantages and disadvantages of the two options to Mrs M – in particular, that proceeding with E would mean stepping outside of a regulated contract of insurance. If it had been clearer, he thought Mrs M would likely have taken this option anyway, but she would have understood the consequences of doing so. He asked BISL to pay £150 compensation. He didn't think BISL could be held responsible for any damage caused by the other companies.

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.

- In this complaint, I won't be reconsidering or commenting on the earlier complaint about our jurisdiction to consider the actions of E or the other companies involved in repairing and/or collecting Mrs M's car.
- I'll only be considering the actions of BISL. That's the call it had with Mrs M, in which it referred her to E.
- During such a call, I'd expect BISL to be clear with Mrs M about the options available to her. This includes, but isn't limited to, setting out that proceeding with E would be separate and different to claiming on her motor insurance policy with A. And that would mean stepping outside of a regulated insurance contract, which would likely mean losing the option of alternative dispute resolution, such as this Service.
- I've listened to the call, and I'm not satisfied BISL was sufficiently clear with Mrs M. Whilst BISL did indeed mention both options, it didn't outline all of the key considerations for Mrs M when deciding which option was best for her. For example, it didn't explain that proceeding with E would mean stepping away from the contract of insurance or the consequences of that. It focused on a key benefit of proceeding with E – that Mrs M wouldn't have to pay an excess upfront.
- Had BISL been sufficiently clear with Mrs M, I think it's likely she would have proceeded with E anyway. She says she wasn't in a position to pay her excess to A upfront. So avoiding that by proceeding with E would likely have appealed to her, even if that meant stepping away from the insurance policy. But at least then Mrs M would have been aware of the potential risk – and, when she thought additional damage had been caused to her car, she wouldn't have been shocked and disappointed to find out she had no recourse through this Service.
- In these circumstances, I'm satisfied that £150 compensation is reasonable to reflect the shock and disappointment Mrs M suffered when she found out she would have no recourse against E – as a result of BISL not fully explaining things to her.
- Mrs M has questioned why her legal cover can't be used to help her. The cover on her policy is specifically Motor Legal Protection, rather than broader legal expenses cover. I've considered the policy and it doesn't cover the kind of damage Mrs M says was caused after collection. That doesn't mean her legal cover has been invalidated because of what's happened – it simply doesn't cover this situation.

My final decision

I uphold this complaint.

I require BISL Limited to pay £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 12 September 2023.

James Neville

Ombudsman