

The complaint

Mrs L complains about Yoga Insurance Services Limited referring her to an accident management company when she called to claim on her car insurance policy.

What happened

Mrs L was involved in an accident in her car with a third party, so she called Yoga, who are her broker, to report the claim. The call was answered by another company who, as well as handling these calls, are also an accident management company (AMC). For ease of reading I'll refer to them as E.

Rather than claiming on her motor insurance policy, Mrs L agreed to E carrying out the repairs to her car and claiming the money back from the third party's insurer. E also arranged a hire car for Mrs L, which was also charged to the third party involved in the accident. After Mrs L's car was assessed, it was deemed to be what's known as a "total loss". Because of this E then requested the market value from the at fault driver, and paid the total loss amount to Mrs L. Unfortunately, this didn't happen promptly, and Mrs L had several months of issues with E. She said she it took too long to pay her the market value, had conflicting information provided, received a part payment which wasn't clear what it was for and also received penalty charge notices for her car after it had been deemed a total loss.

As Mrs L wasn't happy with how E was handling her claim she complained. E upheld her complaint and paid her £350 compensation. Mrs E didn't think this was good enough because she was still in a hire car and worried about how long it was all taking. So, she referred her complaint here. Our Investigator explained that Mrs E had been referred outside of her insurance policy to an AMC. Mrs E wasn't happy with this. She said it hadn't been clearly explained and she was worried she could be liable for thousands of pounds of hire car costs. So, she complained to Yoga about the referral to the AMC.

Yoga reviewed the complaint and upheld it. It offered £100 compensation for the poor referral. Mrs S didn't think this was enough and asked this service to look into her complaint about Yoga's referral.

Our investigator reviewed the referral and didn't think Yoga had clearly explained Mrs L's options to her when she called up to claim. She thought this had caused Mrs L unnecessary distress and inconvenience when she was made aware she'd stepped outside of her regulated insurance contract and had been in a hire car that she could be liable for. Because of this, our investigator recommended Yoga increase its compensation to £300.

Yoga didn't agree. It said the actions of E were outside of its control and thought its offer of £100 was fair compensation.

As Yoga didn't agree the complaint has come 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.

Before I address the merits of this complaint, I think it's first important to set out the different parties involved and Yoga's responsibilities, to make clear what I can and cannot look at in this decision.

When Mrs L called Yoga to report the damage to her car, she was automatically transferred to E to handle the call on Yoga's behalf. This means E was acting as Yoga's agent and Yoga is responsible for the actions or omissions during this call when it discussed Mrs L's claim options and referred her to the AMC for credit hire and repair.

However, Yoga's responsibility for E is limited to when it was acting on Yoga's behalf - and it is not directly responsible for any actions or omissions of E when acting on its own behalf. In other words, E was acting in its own capacity when handling Mrs L's claim – not on behalf of Yoga. And I don't have the jurisdiction to consider the actions of the E.

So, to be clear, I'll only be considering what happened during the call between Mrs L and E (acting on Yoga's behalf) when she was referred to E for credit hire and repair, and whether E, as Yoga's agent, met the required standards.

As Mrs L's insurance broker, Yoga was obliged to provide Mrs L with information that was clear, fair and not misleading, in line with their obligations under Principle 7 of the FCA Handbook: Communications with clients (see PRIN 2.1 The Principles) and ICOBS 2.2.2R (Clear, fair and not misleading rule). In the circumstances of this case, this means that when Mrs L contacted Yoga via her representative to tell it about her 'non-fault' claim for damage to her car, Yoga ought to have provided her with clear information about her options, so she could decide how best to proceed with getting her car repaired.

I appreciate Yoga appointed E to fulfil this task on its behalf, and I don't think there's anything wrong in appointing a third party to do this. But, in line with ICOBS 2.5.3G, a firm cannot delegate its responsibility under the regulatory system when relying on others – it retains regulatory responsibility for achieving the outcome required. This means Yoga is ultimately still responsible for making sure its regulatory obligations are met by any third parties acting on its behalf.

I've listened to the recording of the call where Mrs L was referred to E for credit hire and repair ("the referral call") and it's not disputed that E didn't provide Mrs L with enough information to make an informed choice on how to have her car repaired. So, I've looked at the impact the poor referral had on Mrs L.

Mrs L has explained that her claim has taken several months and meant she's been in a hire car for a long time. She's explained E hasn't communicated well and her car has also incurred penalty charges after it was deemed a total loss. E has also had to refer this claim to solicitors to pursue the third party for its liability. Mrs L has explained in detail how distressing she's found this experience of using E. As explained above I'm unable to consider the actions of E when acting in its own capacity in this decision, however I am able to consider the actions of Yoga and the impact those had.

In the referral call Mrs L was keen to have the easiest/most straight forward claim experience and while Yoga isn't responsible for the actions of E. The poor referral by Yoga has caused Mrs L a lot of unnecessary distress and inconvenience, which she wouldn't have had but for the poor referral. Our investigator recommended £300 compensation and I'm

satisfied that is a fair and reasonable amount in this case. Therefore, Yoga needs to pay Mrs L £300 for the distress and inconvenience its caused Mrs L by the poor referral.

My final decision

For the reasons explained above, my final decision is that I uphold this complaint. I require Yoga Insurance Services Limited to pay Mrs L £300 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 23 November 2023.

Alex Newman
Ombudsman