

The complaint

Ms S 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

Ms S 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, Ms S 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 Ms S, which was also charged to the third party involved in the accident. After Ms S's car was repaired, it was returned to her home while she was away. When Ms S returned home she noticed issues with the repair to her car and so complained.

E responded to the complaint and acknowledged Ms S's concerns with the repair but said the unrepaired damaged had been deemed pre-existing and therefore wasn't a result of the accident. Ms S didn't agree and referred her complaint here.

Our Investigator let Ms S know that as she'd complained about E, it wasn't likely a complaint we could consider. Ms S said she wasn't aware she'd been referred to an AMC and complained about Yoga referring her to E. Our investigator therefore raised the complaint about the referral with Yoga.

Yoga responded and explained it hadn't issued a final response but provided a copy of the call where Ms S was referred to E. Our investigator reviewed the referral and didn't think Yoga had clearly explained Ms S's options to her when she called up to claim. He thought this had caused Ms S unnecessary distress and inconvenience when she was made aware she'd stepped outside of her regulated insurance contract. Because of this, our investigator recommended Yoga pay £100 compensation. However, he didn't think Yoga were responsible with the issue with the repair as the repairs had been completed by E.

Yoga agreed but Ms S didn't. Ms S said she hadn't been made aware she was stepping outside of her regulated insurance contract. She said if she'd claimed on her policy, we would have been able to consider her complaint about the issues with the repair.

As Ms S 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 Ms S called Yoga to report the damage to her car, she was automatically transferred to the 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 Ms S'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 the E. In other words, E was acting in its own capacity when handling Ms S's claim – not on behalf of Yoga. And I don't have the jurisdiction to consider the actions of the AMC.

So, to be clear, I'll only be considering what happened during the call between Ms S 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 Ms S's insurance broker, Yoga was obliged to provide Ms S 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 Ms S 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 in which E referred Ms S to the AMC for credit hire and repair ("the referral call") and it's not disputed that E didn't provide Ms S 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 has had on Ms S.

Ms S has explained that if she'd claimed through her insurance policy then this service would be able to consider her complaint about the repairs to her car. I understand Ms S's frustration with the repairs, I do also have to consider that her comments are made with the benefit of hindsight, after the issue arose.

I can also see the AMC has been speaking with Ms S about the issues to determine if they're accident related or not. And when taking all of the circumstances into account I'm satisfied the poor referral has caused Ms S unnecessary distress and inconvenience as it wasn't clear how the repairs were being completed to Ms S's car and also caused her distress by not being able to complain here about the repairs to her car. To compensate her for this Yoga needs to pay Ms S £100.

I understand Ms S doesn't think the compensation goes far enough, as the issues with her car are still ongoing with E. However, if Ms S had claimed on her car insurance policy, I think it's likely she'd have the same issue. I say this as in the referral call E explained it also handles the claims for Ms S's insurer and I've not seen enough to persuade me the issues with Ms S's car are related to the accident. And so, as I'm only able to consider the impact of the poor referral, I'm satisfied £100 is fair and reasonable compensation in these circumstances.

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 Ms S £100 for distress and inconvenience, if not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 20 October 2023.

Alex Newman
Ombudsman