

The complaint

Mr P has complained about the way BISL Limited assisted him with his claim under his car insurance policy for damage to his car.

What happened

Mrs P had an accident in the car insured under Mr P's policy with an insurer who I'll refer to as U. She contacted BISL, who are the insurance broker who sold and administered Mr P's policy, despite it being branded as a policy arranged by a large bank. Mrs P explained the circumstances of the accident to the adviser. He suggested she should make a claim against the other parties insurer, who I'll refer to as D, through a hire car and accident management company I'll refer to as E. He explained E were a separate company.

E tried to gain an admission of liability from D, but it seems D did not respond to their correspondence. In view of this E told Mr P they were going to refer the matter back to U, so he could make a claim under his policy. There were then a number of issues with U's handling of the claim against Mr P's policy and his car did not get repaired.

Mr P complained about both U and BISL. BISL issued a final response in which they apologised for the fact E hadn't been proactive in chasing D and they paid Mr P £50 in compensation for distress and inconvenience. Mr P remained dissatisfied and asked us to consider his complaints about U and BISL.

Mr P's complaint against U was eventually considered by us. In the end another ombudsman upheld it and awarded compensation for the distress and inconvenience Mr P experienced as a result of poor claim handling by U.

An investigator considered Mr P's complaint about BISL. He said that BISL's adviser hadn't explained clearly enough to Mrs P when she reported the claim what would happen if E handled her claim and the possible implications of this. He said Mr P could still claim under his own policy, but that BISL should pay Mr P £150 in compensation for distress and inconvenience.

Mr P wasn't happy with the investigator's view and asked for an ombudsman's decision.

I reviewed the evidence and called Mr P to discuss his complaint. I explained the parties involved in the claim process he and Mrs P had ended up in and what could have happened if his car had been repaired through E and they'd provided him with a hire car. I also explained that his own policy with U has a £750 excess and this means if the repairs to his car cost less than this there wouldn't be anything for U to pay. And that in this scenario his only options would be to claim the cost of repair directly from D or simply pay the cost himself and not make a claim.

Mr P explained that he found the whole process very confusing and not at all transparent and that at the end of it all, he is no further forward with getting his car repaired.

Having spoken to Mr P, I considered what he'd said along with the other evidence. And I

wrote to BISL to say I agreed with our investigator that their adviser hadn't explained things clearly enough to Mrs P when he referred her to E. And I went on to explain that I felt this had caused Mr P a great deal of distress and inconvenience and that this warranted a payment of £300 in compensation in total. This meant they would have to pay a further £250, having already paid Mr P £50.

I let Mr P know I'd done this and I gave BISL until 6 September to provide their comments.

BISL have responded and said they agree with my view that they should pay a total of £300 in compensation.

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.

Having done so, I've decided to uphold Mr P's complaint for the same reason as our investigator and to award the additional £250 I suggested to BISL was fair compensation for the distress and inconvenience Mr P experienced, which they've now agreed to pay.

I've listened to the telephone conversation the adviser had with Mrs P when he referred the claim to E. And I don't think he provided Mrs P with sufficient information for her and Mr P to decide whether to let E handle their claim, claim under Mr P's own policy or simply handle it themselves and claim against D. I say this because the adviser didn't explain to Mrs P that in allowing E to handle the claim Mr P would be stepping outside a regulated insurance contract and that any dispute relating to the hire costs or repairs would need to be resolved directly with E, with recourse to alternative dispute resolution unlikely. Neither did he explain that if the repair or hire costs were disputed Mr P could become liable for them. The adviser did at least explain that Mr P may have to co-operate with E in the recovery of these costs, but this did not highlight the danger of him becoming liable for them.

As a result of this poor referral and – even allowing for the follow up correspondence that was sent to Mr P - I think Mr P ended up in a process he didn't fully understand and one he may well have chosen to avoid. And I think as a result he has experienced a great deal of unnecessary distress and inconvenience.

Putting things right

As I've already explained, I think BISL's failure to explain things properly to Mr and Mrs P caused Mr P a great deal of distress and inconvenience. And I think this warrants a compensation payment of £300 in total. This means BISL will need to pay Mr P a further £250.

My final decision

For the reasons set out above, I uphold Mr P's complaint about BISL Limited and order them to pay him a further £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 October 2023.

Robert Short
Ombudsman