

The complaint

Mr H complains about UK Insurance Limited (“UKI”) and the mis-advice he was provided regarding the insurance on his hire car.

What happened

Mr H held a motor insurance policy, underwritten by UKI. In the summer of 2023, Mr H made a claim on this policy, and UKI instructed a separate company, who I’ll refer to as “A”, to provide Mr H with a hire car.

During the repair process, there was a delay which meant Mr H’s own car couldn’t be returned to him when he expected. And on 8 July 2023, Mr H was told by A that the insurance on his hire car had lapsed, despite his own car still being with the repairer. So, Mr H was directed to UKI to extend the hire period.

Mr H accepts the hire was confirmed to have been still in place within a few hours of him contacting UKI. But he was unhappy that the inconvenience needing to contact UKI had caused him and his family, as well as the upset caused by him believing his wife had been driving the hire car earlier that day without insurance. So, he raised a complaint.

UKI responded to the complaint and didn’t uphold it. They explained Mr H was insured to drive the hire car on 8 July, even though A had told him he wasn’t. So, while they recognised the inconvenience he was caused, they didn’t think Mr H, or his family, were put in a position of risk that required them to do anything more. Mr H remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. They were satisfied Mr H, and his wife, were insured to drive the hire car for all of 8 July, and up until 10 July inclusive. So, they didn’t think Mr H and his family were put at risk when using the car that day. But they did think Mr H would’ve been inconvenienced by needing to contact UKI to confirm this, and that he would’ve been worried about the risk he felt his wife and family were placed in until this confirmation was provided. So, they recommended UKI pay Mr H £25 to recognise this.

Mr H didn’t agree. He didn’t think the £25 recommendation was enough to compensate him, considering the current cost of living crisis. He also didn’t think it fairly recognised his concerns about UKI from a previous claim in 2022, or the way UKI handled his complaint overall. So, he thought this compensatory amount should be increased. Our investigator considered Mr H’s comments, but their recommendation remained the same. Mr H continued to disagree and so, the complaint has been passed to me for a decision.

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’m upholding the complaint for broadly the same reasons as the investigator. I’ve focused my comments on what I think is relevant. If I haven’t commented

on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached this decision, I think it would be useful for me to set out clearly exactly what I've been able to consider. I note Mr H has referred to concerns about the way a previous claim was handled, and he wants this to be factored into the impact of this complaint. But this isn't something I'm able to do, as my role is to consider the individual circumstances of this complaint only, and the claim it has arisen from. I also note Mr H wants our service to factor in UKI's handling of his complaint, but complaint handling is an unregulated activity and so, falls outside of our service's jurisdiction. So, the way UK dealt with Mr H's complaint hasn't impacted the decision I've reached.

I also want to make it clear that, in line with the rules we work within which are set by the industry regulator, I am only able to consider the direct impact to Mr H as the policyholder. This is because it is Mr H who is UKI's customer. So, while I recognise Mr H's concerns about the impact on his family, I'm unable to award any compensation for this directly. Instead, I'm only able to consider the emotional impact this would've had on Mr H.

I've considered all the evidence available to me. And from UKI's system notes, I can see Mr H did call UKI on 8 July 2023 to ask for the insurance of his hire to be extended, around the time his testimony states he was told by A that his insurance had lapsed. And UKI themselves have stated Mr H did have insurance in place for the entire hire period, up to 10 July. So, based on this, while I haven't seen evidence that shows A did definitively mis-advise Mr H, on the balance of probability I think it's reasonable for me to assume they did. And, as A were acting as an agent of UKI, I think it's fair for me to say UKI were ultimately responsible for the advice A provided. So, as I think A did mis-advise Mr H, I do think Mr H was treated unfairly. And because of this, I've then thought about what I think UKI should do to put things right.

Putting things right

Any award or direction I make is intended to place Mr H back in the position he would've been in, had UKI acted fairly in the first instance. From the evidence I've seen, I'm satisfied that Mr H and his wife always had valid insurance in place to drive the hire car. So, while I appreciate there would've been around two hours while Mr H waited for UKI to confirm this, I don't think Mr H or his wife at any point drove the car while in a position of risk.

But I do think that it would've been worrying for Mr H to think that his wife had been driving the car without insurance for the few hours it took UKI to confirm this wasn't the case. And I recognise during the time it took UKI to confirm this, Mr H's family had appointments he states they were unable to attend. Again, while I can't consider the impact to anyone but Mr H, I do think he would've been caused some frustration by this, alongside the inconvenience of needing to call UKI.

Our investigator recommended that UKI pay Mr H £25 to recognise the above. And I think this recommendation is a fair one, that falls within our services approach and the range of what I would've directed, had it not already been put forward.

This is because I think it recognises there was a mistake A made, that had an impact on Mr H. But I think it also takes into consideration the swift amount of time in which UKI was able to allay Mr H's concerns and confirm the insurance had always been in place, as well as the fact a lot of the inconvenience Mr H has referred to relates to his family members rather than himself as the policyholder. So, I'm directing UKI to pay Mr H £25.

I understand this isn't the total outcome Mr H was hoping for. And I want to reassure Mr H I

do recognise that there is a cost of living crisis and that he feels a £25 payment considering this doesn't feel like a proportionate payment.

But crucially, this payment isn't intended to reimburse Mr H for any financial losses, as none have been evidenced. So, this payment isn't intended to cover any losses Mr H incurred and so, I don't think it relates directly to the current cost of living climate. Instead, it is intended to directly address the emotional impact on Mr H due to the mistake UKI are responsible for. And as I've explained above, I think the £25 is relative to this impact, considering the swift time in which UKI was able to rectify it by explaining the insurance was, and always had been, in place on the hire car.

My final decision

For the reasons outlined above, I uphold Mr H's complaint about U K Insurance Limited and I direct them to take the following action:

- Pay Mr H £25 to compensate him for the distress and inconvenience he was caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 December 2023.

Josh Haskey
Ombudsman