

## **The complaint**

A limited company, which I will refer to as R, complains about the service provided by FMG Support (FIM) Ltd in relation to its commercial motor insurance claim.

## **What happened**

The following is intended only as a brief summary of events. R held a motor fleet insurance policy underwritten by a third party. The policy was arranged through a broker, "C". FMG works with C to provide assistance to policyholders.

In January 2021, C contacted FMG to report a claim for damage to one of its vehicles. FMG arranged for the vehicle to be taken to a garage. However, the garage suffered resourcing issues and it wasn't until May 2021 that the vehicle was returned. The garage made a payment of compensation to R.

However, R complained to FMG about the situation. FMG apologised for the delays but offered no further compensation. As R remained unsatisfied, it brought its complaint to the Financial Ombudsman Service. At this point, FMG offered £250 in compensation.

Our Investigator recommended the complaint be upheld. She thought that, as FMG agreed there had been an avoidable delay of 65 days, FMG should cover the loss of income R had suffered as a result. Taking into account the level of income R itself generated, and the compensation payment already made by the garage, she effectively recommended that FMG pay R £1,723.40. She also thought FMG should add interest to this sum from the date the lost income would have been received. And that FMG should compensate R for the inconvenience caused.

FMG did not respond to the Investigator's view, so this 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 am upholding this complaint, largely for the same reasons as our Investigator.

FMG was assisting in the administration and performance of a contract of insurance. And FMG has agreed that a delay of 65 days was caused by the garage. It was FMG's choice to use this garage, and FMG did not take action when issues arose. I have noted that FMG has said it would have increased costs had the vehicle been moved to a different garage, but these would not have been costs R would have had to bear, so I am not persuaded that this changes the situation. So, I consider FMG is responsible for the consequential loss R suffered as a result of these delays.

FMG has suggested R ought reasonably to have mitigated its losses by hiring a replacement

vehicle. Whilst this is on the face of it a reasonable suggestion, the cost FMG has identified doing so would have resulted in was more than R would have received in income. So, this suggestion would not have been reasonable in these circumstances.

R has provided details of the income it would have generated from the vehicle. This is around £51.90 per day. The delays led to the vehicle not generating this income for a 65-day period. This is a reasonably foreseeable consequence of such a delay. As such, FMG should cover this loss of income.

However, I do note that the garage has already made a payment to R that it would not have received were it not for the delays. So, I consider it is reasonable that FMG take this payment off of the total loss of income.

R has been without the money from this income for a period of time though. So, it is reasonable that FMG compensate R for not having had money it otherwise would have. I consider that appropriate compensation for this is to add interest to the lost income at a rate of 8% simple. This should be calculated from the date when such income would have been received had it not been for the delays. To take into account the compensation from the garage, this third party payment should be divided by 65 and the relevant proportion deducted from the lost income from each day, prior to the interest being calculated.

I also consider that this situation has caused R inconvenience it otherwise would not have experienced. Whilst FMG has offered £250 in compensation, I note that this was in part to cover the issues with the loss of income. So, I consider that an award of £100 of compensation is appropriate – in addition to the redress outlined above.

### **Putting things right**

FMG Support (FIM) Ltd should put things right as set out above.

### **My final decision**

My final decision is to uphold this complaint. FMG Support (FIM) Ltd should put things right as set out above.. Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 20 December 2023.

Sam Thomas  
**Ombudsman**