

The complaint

Mr H has complained about the fact that he has been asked to pay over £6,000 in hire charges as a result of what he considers to be the poor handling of his claim under his taxi insurance policy by Haven Insurance Company Limited.

What happened

Mr H was involved in an accident in which his taxi was damaged. The accident wasn't his fault so Haven referred him to a company, who I'll refer to as S, which organises hire cars on credit and claims the costs back from the other driver's insurer (the third party insurer (TPI)).

S arranged a hire car for Mr H and it seems he signed a hire agreement and a credit agreement. These meant – in effect - he was borrowing the money to pay the hire charges. However, provided S was able to recover the hire costs from the TPI it would have paid off what Mr H borrowed to pay for these. To do this S needed Mr H to co-operate and provide certain information to support the claim for the hire costs. And it appointed a solicitor to handle recovery of its costs, including the hire costs from the TPI. I'll refer to the solicitor as F. It seems initially Mr H refused to co-operate with S and F and provide all the information they needed. And S has said it was unable to recover the hire costs because of Mr H's failure to co-operate and this left what Mr H had borrowed for the hire car outstanding and his responsibility.

Mr H complained to Haven about this, but Haven said it was not its responsibility, as it had referred him to S, which is an independent company.

Mr H asked us to consider his complaint about Haven. One of our investigators did this. He said that Haven hadn't met its obligation to treat Mr H fairly because it hadn't properly explained what was happening when it referred Mr H to S. And because it failed to offer him the option to have a hire taxi under the guaranteed taxi hire extension to his policy. He felt if Haven had fulfilled its obligations Mr H would have opted to have a hire taxi under his policy with Haven and not through S. And that this would have meant he never would have had to pay the hire costs. He said that Haven should pay Mr H £100 for the distress and inconvenience he'd experienced and pay off what he owed for the hire taxi.

Haven didn't agree with the investigator's view. It said it didn't think it was fair and reasonable for it to have to pay off what Mr H owed for hire costs because he failed to co-operate with S and F, provide the evidence they needed and attend court. And that this was the main reason he'd ended up being responsible for the hire costs. And he'd been warned multiple times of the financial implications of not co-operating.

As Haven didn't agree with the investigator's view the complaint passed to me for a final 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've decided to uphold it and I've explained why below.

I agree with our investigator that when Haven referred Mr H to S, it needed to be very clear on what hiring a taxi through S would mean for him. And it also needed to make it clear that he had the option of having a hire taxi for 21 days under his own policy while his car was in for repair. Haven can find out more about what we expect when an insurer or insurance broker refers one of its customers to a credit hire company on our website.

I've listened to the telephone conversation Haven had with Mr H when it referred him to S. And I don't think it explained what this would mean for Mr S anywhere near clearly enough. And I think it should have offered Mr H the option to have a hire taxi under the extension to his policy he had that provided this option. I appreciate Haven has said it didn't offer this because Mr H could only use it once in the policy year and it was better for him to keep the option in case he had a fault claim. And it's also said if the repairs took longer than 21 days he would no longer have been able to have the hire taxi. But I do not consider this was a reasonable approach on Haven's part. Mr H had the cover extension and it should have been left to him to decide whether he wanted to use it.

I also agree with our investigator that if Mr H had properly understood the implications of hiring a taxi through S and been offered the option of a hire taxi under the extension to his policy, he would not have agreed to hire one through S and would instead have taken the option of having a hire taxi under the policy extension.

This does mean that Mr H wouldn't have ended up having to pay the cost of hiring a replacement taxi. But, in deciding what's fair and reasonable I think I need to consider whether it was properly explained to Mr H that he could avoid this if he co-operated with S and provided the information he needed. And, if it was, whether it is appropriate to make Haven pay the hire costs if Mr H chose not to co-operate and provide the information S and F needed.

Haven has suggested Mr H didn't co-operate and this is why F appears to have agreed an out of court settlement with the TPI excluding the hire costs. And it seems clear from the evidence provided by H that initially Mr S wouldn't co-operate. However, I have seen a note in what seems to be Haven's claims notes dated 14 September 2022, which suggests Mr H changed his mind and said he was willing to co-operate and attend court if needed and that he'd provided the documentation F needed. I've also seen an email from F, which seems to be to S, which is undated but also suggests Mr H was willing to co-operate and attend court. In view of this, it is not clear why F settled out of court excluding the hire costs, but it does not appear to be due to Mr H's unwillingness to cooperate.

Therefore, I agree with our investigator that the fair and reasonable outcome to Mr H's complaint is for Haven to pay the hire costs he has become responsible for as soon as possible, so that Mr H is no longer pursued for this amount. I say this because if H had done what it should have done when Mr H first contacted them he would not have ended up incurring these costs.

I also agree with our investigator that Haven should pay Mr H compensation for the fact its poor approach when it referred him to S caused him distress and inconvenience. Mr H ended up with the hassle and the shock of finding out he'd have to co-operate with S and take time to provide evidence it needed. He also found out he may have to attend court. As it turned out he didn't have to attend court and I can't ignore the fact that some of the difficulties he experienced were as a result of his unwillingness to co-operate with S and F originally, despite them explaining the importance of him doing so. So, I think a payment of

£100 in compensation for distress and inconvenience is fair.

Putting things right

For the reasons set out above, I've decided to uphold Mr H's complaint and make Haven pay the hire costs Mr H has become responsible for as soon as possible. Haven must also pay him £100 in compensation for distress and inconvenience.

My final decision

I uphold Mr H's complaint and order Haven Insurance Company Limited to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 December 2023.

Robert Short
Ombudsman