

## **The complaint**

Mr C complains that A plan holdings referred him to a credit hire and repair service rather than dealing with his claim on his car insurance policy.

## **What happened**

Mr C's car was hit by another driver while it was parked so he called A plan, who is his broker, to claim on his car insurance policy. Rather than claiming through his motor insurance policy, A plan referred Mr C to its "Non-fault service" who I'll refer to as W. W assessed Mr C's claim and provided him with a hire car while the damage to his car was assessed. W determined Mr C's car wasn't one it would repair, so it declared his car what is known as a "total loss" and paid him the market value of his car.

After several months had passed Mr C wasn't happy with how W had been dealing with the repairs to his car and complained to A plan. He said W had taken too long to assess his claim and he'd had to constantly chase for updates. He was also unhappy with the valuation of his car by W. Mr C also said he'd had to chase A plan on multiple occasions and wasn't happy with the service provided by A plan.

A plan reviewed the complaint and upheld it. It said when Mr C called to report his claim it had been recognised that Mr C wasn't at fault and so he'd been referred to an accident management company (W), rather than claiming on his policy with his insurer. A plan accepted that it hadn't given Mr C clear information about his options for him to make an informed choice on which option he'd like to use.

A plan explained that while Mr C had been referred outside of his car insurance policy, it thought he would have decided to use W if his options had been made clear. A plan said this was because Mr C was adamant he didn't want to pay his excess and, while his insurer might have recovered this for him, he would have needed to pay it initially. A plan also noted that Mr C's policy only provided a courtesy car while his car was repaired and so, as Mr C's car was deemed a total loss, A plan thought Mr C had benefited from using the AMC. A plan acknowledged Mr C's concerns about the market value W had applied but thought the value had been reached fairly as a recognised valuation guide had been used. While A plan felt it had tried to support Mr C with his claim, it recognised it hadn't provided the service it expected. To compensate Mr C for the poor referral and service failings, A plan offered Mr C £1,840 compensation for the distress and inconvenience caused.

Mr C didn't agree with A plan's response and referred his complaint here. He said he'd had serious health issues which the poor claim experience hadn't helped. Mr C didn't think A plan's compensation went far enough and asked this service to review his complaint. Our Investigator reviewed the complaint and found that A plan hadn't given Mr C clear information about his options when he called up to claim. She thought that A plan's compensation of £1,840 was fair and reasonable for the poor referral.

Mr C didn't agree for similar reasons as he'd previously raised. He said W was an agent of A plan's and that too much weight had been given to the agreement he signed with W. Mr C

said A plan hadn't handled his claim well and he didn't agree the compensation went far enough.

As Mr C 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.

Mr C has made a number of detailed points. We're an informal dispute resolution service set up as a free alternative to the courts. In deciding this complaint I've focused on what I consider to be the heart of the matter rather than commenting on every issue in turn. This isn't intended as a discourtesy to Mr C. Rather it reflects the informal nature of our service, its remit and my role in it.

Before I address the merits of this complaint, I think it's first important to set out the different parties involved and A plan's responsibilities, to make clear what I can and cannot look at in this decision.

When Mr C called A plan to report the damage to his car, he was referred to W to handle the claim rather than claiming on his policy. W is an accident management company who handle non-fault insurance claims and when it handled Mr C's claim it was done outside of his insurance policy. Also, the actions of W aren't within the jurisdiction of this service. This means in this decision I can only consider the actions of A plan when it referred Mr C to W.

As Mr C's broker, A plan was obliged to provide Mr C with information that was clear, fair and not misleading, in line with its 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 Mr C contacted A plan to tell it about his 'non-fault' claim for damage to his car, A plan ought to have provided him with clear information about his options, so he could decide how best to proceed with getting his car repaired.

A plan hasn't provided the referral call so I'm unable to determine what information was given. However, A plan has agreed it didn't give Mr C clear information for him to make an informed decision. As A plan agrees it didn't provide Mr C with clear information as it should I've looked at the impact of the poor referral. A plan has said it believes Mr C would still have chosen to use W as it meant he didn't need to pay his excess upfront, plus as his car was deemed a total loss it meant he had access to a hire car, which he wouldn't have got through his policy. Mr C has also made it clear he had a need for a car at the time.

While I've considered A plan's points, I've also looked at what I think is most likely to have happened if Mr C had used his car insurance policy. If he had, it's likely he wouldn't have had use of a car while his claim was assessed, I can also see his policy doesn't provide a courtesy car if his car is deemed a total loss. So while A plan wouldn't have known this when Mr C initially called up to claim, I'm satisfied that by Mr C having a hire car he has received a benefit he wouldn't otherwise have had if he'd claimed through his car insurance policy. I can also see that when Mr C complained to A plan he disputed the valuation W gave for his car. While I can't consider the value W applied to Mr C's car, if he had claimed through his car insurance policy, this service could have considered that complaint. I've looked at the valuation guides we use to decide whether insurers have given a fair and reasonable valuation, and the highest guide valuation is £9,179. When A plan offered Mr C compensation for its poor referral it offered him £1,840. This is the difference between a

figure of £9,300, which Mr C said his car was worth, and the amount W valued it at (£7,460). So even if Mr C had complained to his insurer about the valuation, the compensation offered by A plan is £121 more than the difference between what W paid for Mr C's car and the highest valuation guide we use. I'm therefore not persuaded it is likely Mr C has lost out financially by using W.

When taking this all into account, I'm satisfied A plan didn't give Mr C clear information about his options when he called up to claim. However, due to that poor referral Mr C has received a hire car which is likely he wouldn't have received under his policy. A plan has also offered him £1,840 which is more than the difference between the valuation given by W and the highest valuation guide we use.

I understand this isn't the outcome Mr C would like, and I would like to reassure him that I do empathise with the poor experience he has had following a non-fault accident. However, I'm satisfied that A plan's offer of £1,840 compensation is fair and reasonable. I'm therefore not going to tell A plan to pay anymore than it's already offered.

### **My final decision**

For the reasons explained above, my final decision is that A plan's offer of £1,840 for distress and inconvenience is fair and reasonable. A plan needs to pay this to Mr C if not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 July 2024.

Alex Newman  
**Ombudsman**