

The complaint

Mrs D has complained that Advantage Insurance Company Limited didn't explain the process clearly to her when she reported an accident in which her car was damaged and that she has incurred hire costs as a result of this.

What happened

The background to this complaint is well known to C and B. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

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 agree with the conclusions reached by the investigator for these reasons:

- Advantage's claim handler said to Mrs D on the first notification of loss call that Advantage would need to investigate liability for the accident further. Therefore, I do not think it was appropriate for him to refer her to an accident management company (ACM) for a hire car in light of this.
- Advantage's handler did not make the following things clear to Mrs D when he referred her to the ACM:
 - That she'd be stepping outside the terms of her policy and dealing directly with an independent ACM in respect of the hire car.
 - That any problem with the hire would be between her and the ACM and if unresolved she'd be unlikely to have recourse to an alternative dispute resolution service, such as the Financial Ombudsman Service.
 - That if the third-party insurer disputed liability for either the accident or the hire costs she may have to co-operate and could become liable for these costs.
- I consider if all this had been explained to Mrs D she would not have agreed to take a hire car via the AMC.
- I appreciate Mrs D signed an agreement with the AMC saying she was liable for the hire charges, but I do not think she understood what she was agreeing to because of Advantage's failure to explain what was happening to her properly.
- I do not agree that it was Mrs D's failure to give a clear account of the circumstances of the accident that led to the handler referring her to the ACM. I think this was due to a poor decision by the handler and a failure on his part to explain the implications of this option properly to her.
- Because I consider Mrs D only agreed to go through the ACM for the hire car because of failings on Advantage's part I do not think she should have to pay any hire charges.
- She should also be compensated for the distress and inconvenience she has experienced as a result of Advantage's failings.

Putting things right

For the reasons set out above, I've decided to uphold Mrs D's complaint and make

Advantage do the following:

- Pay any hire charges Mrs D has incurred through the ACM. Or, if Mrs D has paid these, Advantage must reimburse her.
- If Mrs D has paid the hire charges Advantage should pay interest on this amount at 8% per annum simple from the date Mrs D paid them to the date of payment.*
- Pay Mrs D £300 in compensation for distress and inconvenience. Advantage must pay the compensation within 28 days of the date on which we tell it Mrs D accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.*

*Advantage must tell Mrs D if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mrs D if asked to do so. This will allow Mrs D to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

For the reasons set out above, I uphold Mrs D's complaint about Advantage Insurance Company Limited and order it 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 Mrs D to accept or reject my decision before 24 July 2024.

Robert Short
Ombudsman