

The complaint

Mr B has complained about the way U K Insurance Limited trading as Direct Line dealt with a claim he made under his van insurance policy.

What happened

In May 2023 Mr B was involved in an incident and his van was damaged. The third party insurer (TPI) accepted liability. Mr B reported the incident to his insurer, UKI. Mr B's van was driveable.

Mr B booked his van in for repairs at his own preferred garage in August 2023, which he is entitled to do under the policy. Unfortunately, there were failings by the hire company acting on UKI's behalf, so Mr B discovered the day before that a replacement van wasn't available.

Mr B brought his van for repair. He made a series of complaint to UKI. In summary he was unhappy with the wait times when calling UKI, not receiving call backs when agreed, information he was given in calls, and the failure to provide a replacement van.

Mr B provided an invoice to show he paid for a replacement van for 23 days for the duration of repairs. He wanted UKI to reimburse him for these costs and meet a claim he made for loss of earnings for the day he brought his car to the garage for repairs.

UKI upheld some of Mr B's complaints. It paid Mr B £450 compensation in total for the distress and inconvenience its poor service had caused. But it didn't agree to reimburse him for any of the van hire costs or loss of earnings. It didn't agree with Mr B about a discussion related to van hire. UKI said having listened to the call, the agent explained that UKI would limit cover for a replacement van to £50 a day, capped at £500. It said it could attempt to look to recover any additional hire costs from the TPI.

Mr B brought his complaint to us. Our Investigator issued two views. In the first, he recommended UKI reimburse Mr B for 21 days van hire in line with the policy. This came to an equivalent of £39.85 a day, so £836.85. The Investigator also recommended UKI meet his claim for loss of earnings, based on evidence of what Mr B usually charged for his work. In response, UKI agreed to pay Mr B £836.85. But it didn't agree it should pay for Mr B's loss of earnings. It said it made Mr B aware of the policy limits in relation to van hire before repairs began.

UKI didn't agree to pay interest on the £836.85 as it said it had paid a fair compensation award of £450 for its errors.

The Investigator issued a second view. He explained that he thought Mr B could have taken steps to mitigate his losses when he knew a replacement van wasn't available before he brought his van to the garage for repairs. He thought the overall compensation UKI had paid Mr B was reasonable to resolve his complaint, along with the reimbursement of van hire costs for £836.85.

UKI accepted the Investigator's second view. Mr B didn't agree. In summary he says he acted in line with the policy. He says UKI had ample time to arrange a replacement hire van as it was aware of his claim in May 2023. It was a non fault claim and all he wants is not to be out of pocket.

Mr B says he spent hours on the phone and in emails dealing with UKI. So Mr B wants an ombudsman 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.

When things go wrong, we look at what the impact was, what an insurer did to put things right, and where appropriate what a customer did to mitigate any loss.

There's no dispute that there were failings by UKI's supplier in providing a replacement van for Mr B when he booked his van for repair. Mr B said he booked it in for August 2023 because the garage had to order parts – and he was mitigating his losses as he continued to work while the van was driveable immediately after the damage occurred. I understand this.

Mr B says UKI knew from May 2023 that it would need to provide a replacement van. So he says it had three months to arrange one. But an insurer will not book a replacement vehicle until just before the date repairs are to begin. This isn't unusual – and in most cases, isn't a problem. Unfortunately in this case, the supplier failed to arrange one due to issues with its forms – and then withdrawing Mr B's request. This caused Mr B unnecessary inconvenience. He had made plans for his van to be repaired once the garage had received the ordered parts it needed.

But – I think that once Mr B was made aware that a replacement van wasn't available for the following day and he had pre-agreed appointments for work – he could have taken other steps rather than look for an insurer to reimburse him for loss of earnings. I think Mr B had options to contact the garage the following morning to postpone the repairs, or arrange temporary private hire. Although these options aren't ideal, it would have prevented Mr B from losing earnings for a day - when he was aware he had no alternative transport to carry out his work.

UKI's service at times during this claim has been poor. It accepts it's handling of Mr B's complaint took longer than it expected, and it incorrectly said it had emailed the final response to Mr B when it hadn't.

UKI agreed that there were long wait times when calling it, and that Mr B received incorrect information about the TPI's online access to the claim. UKI didn't call him back when agreed or update his address when notified.

I think UKI should have met Mr B's claim for replacement van hire due to the failings by the supplier to provide one in line with the entitlement for 21 days under the policy. But I think UKI's compensation award of £450 is a fair amount to resolve the remaining complaints. It is broadly in line with awards we make for similar cases – and I think it covers any loss of interest Mr B may have incurred on the reimbursement.

I understand UKI has sent the payment of £836.85 to Mr B.

Mr B says UKI has caused delay in sending its recovery outlay to the TPI. This is a new complaint and so Mr B will need to raise it first with UKI to give it the opportunity to respond.

My final decision

I'm sorry to disappoint Mr B. But for the reasons I've given above, I am upholding his complaint in part. I require U K Insurance Limited trading as Direct Line (if it hasn't already done so) to reimburse Mr B for van hire costs equivalent to 21 days at £836.85. This is in line with the invoice provided by Mr B to UKI.

I think the reimbursement, along with the compensation award of £450 which UKI has already paid, is enough to resolve Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 July 2024.

Geraldine Newbold
Ombudsman