

The complaint

Mr O complains One Insurance Limited (One Insurance) did not provide him with a courtesy car after he made a claim on his motor insurance policy.

What happened

On 17 December 2023 Mr O's car was damaged by a third-party car when it was parked outside a garage waiting for a routine service. He was informed of the incident by the police and made a claim on his motor insurance policy.

The car was taken into storage by One Insurance, and he was advised the car would be inspected by its approved repairer on 4 January 2024. On 19 December 2023 Mr O told One Insurance he could not be without a car and asked it to provide one straight away. As it did not provide one, he hired a car himself which he collected on 21 December 2023.

The damaged car was inspected by One Insurance's approved repairer, and it was deemed repairable. The repairs were completed, and it was returned to him on 22 February 2024.

One Insurance declined to settle the cost of the hire car that Mr O had organised and paid for himself.

Because Mr O was not happy with One Insurance, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said One Insurance should pay a proportion of the car hire cost from 4 January 2024 to 22 February 2024. They said a reasonable deduction should be made for the costs that would have been incurred had a small car been hired for this period based on available commercial rates. They said One Insurance should pay him £200 compensation to fairly compensate for the inconvenience he was caused.

As One Insurance is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

What I provisionally said

I saw in Mr O's policy welcome letter of 6 October 2023 it says;

"Thanks for choosing us to insure your car. Alongside your car insurance – you've selected our basic hire vehicle - which provides you with a hire vehicle in the event of a non-fault claim."

And in the insurance product Information document it says;

"Basic Legal and Hire Vehicle

A hire vehicle in the event of a non-fault claim will be provided for the duration of the claim or until a settlement is received, whichever is sooner, provided your vehicle is not driveable."

I saw the letter One Insurance sent to Mr O dated 17 December 2023, which is when he made the claim on his policy, included the following paragraphs;

“ Due to your claim circumstances the claim will be dealt with on a fault basis, the term 'FAULT' is used within the insurance industry to distinguish between a recoverable and non-recoverable claim. Therefore, while the accident in question may not have been your fault, meaning you were not responsible, the full costs associated with your claim were not able to be recovered. In the event that full costs are recovered from a third party, this would then be deemed as a 'non- fault' claim.”

When Mr O made his claim there were no details of the third-party available, so I agree that One Insurance correctly recorded this claim as a fault claim at this point in time. And this meant as per the terms and conditions of his policy he was not due to be provided with a basic hire car for the duration of his claim.

Also in the claim letter of 17 December 2023 it says;

“For any claim through your comprehensive policy where the vehicle is deemed as repairable, you will be provided with a replacement courtesy vehicle for the duration of your repairs. In repairable cases where your vehicle is no longer safe to drive, we will endeavour to provide a replacement vehicle as soon as possible. Should your vehicle be deemed a total loss, a vehicle will not be provided.”

I listened to the calls between Mr O and One Insurance, and he was advised that a courtesy car couldn't be provided until his damaged car had been assessed as repairable and this could not be completed until the start of January 2024.

I saw Mr O asked One Insurance if he could deal with the repairs himself and he was advised he could do. After this request One Insurance contacted him the following day to see if he wanted his car recovering from storage. He confirmed One Insurance should go ahead with the repairs.

I saw Mr O hired a car himself, which he collected on 21 December 2023. He said he firmly believed One Insurance would provide a courtesy vehicle because he had agreed to use its approved repairer.

I saw on 27 December 2023 One Insurance wrote to Mr O in response to his complaint about not being provided with a courtesy car straight away. It confirmed that because there was no third-party to recover costs back from, it deemed the incident a fault claim and this meant he was not entitled to a courtesy or hire vehicle unless his car was booked in for repairs through one of its approved repairers.

I recognise that Mr O was left without a car through no fault of his own and he wanted to be provided with a courtesy car immediately, but this was not included in his cover. It was unfortunate that due to the festive period there was a short wait for his car to be assessed and deemed repairable. The car was taken for inspection on 4 January 2024 and was deemed repairable shortly after this date. In this case I cannot fairly tell One Insurance to provide a courtesy car prior to this date.

I have not seen any evidence that at the time the repairs started in January 2024 there was any discussion between Mr O and One Insurance in reference to it then providing a courtesy car for the duration of repairs. I saw Mr O kept the hire car until his own car was returned on 22 February 2024.

After his own car was returned, Mr O was advised by One Insurance to send invoices for the car hire and other travel expenses. However it declined to settle any of these costs.

I looked at the costs incurred by Mr O for car hire. He hired a luxury vehicle, comparable to his damaged car, between 21 December 2023 and 21 February 2024. Because One

Insurance had informed him both on the phone and in writing, that a courtesy car was only due for the duration of repairs, I do not think it should pay these costs. Although it is usual for the repairing garage to provide a basic courtesy car, in this case this did not happen as Mr O had already hired a car. Therefore, I think the fair and reasonable outcome is for One Insurance to pay Mr O the cost to hire a basic car for the duration of the repairs.

I recognise the incident in which Mr O's car was damaged was not due to any fault of his own, and I can understand he wanted a replacement car straight away; however he obtained his own car hire without prior discussion with One Insurance and before any assessment on the damage had been undertaken. I know he will be disappointed, but I cannot hold One Insurance responsible for him only being covered for a courtesy car during repairs. I think it was clear that a hire car would not be provided for the full duration of the claim.

Therefore, I intend to uphold Mr O's complaint and intend to require One Insurance to pay him the cost to hire a basic car from 4 January 2024 to 21 February 2024 based on available commercial rates.

Responses to my provisional decision

Mr O responded and said he was *good with everything suggested*.

One Insurance responded and said;

- It still disputed the provisional findings because Mr O had obtained a hire car without any prior discussion or approval from it. And a garage would have been unable to provide a courtesy car after the repairs were approved because he already held a replacement vehicle.
- It had obtained the details of the third-party driver, and as the third-party insurer had now accepted their client was responsible for the collision it was actively trying to recover the full car hire costs from them. It provided evidence of a formal letter that has been sent to the third-party insurer requesting payment.

If its recovery attempts are successful Mr O will be reimbursed for the full car hire costs by the third-party insurer. However, it was unable to guarantee success with this because it expected the costs would likely be disputed by the third-party insurer due to the fact Mr O had obtained a premium hire vehicle.

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.

In response to Marshmallow's comments

- In my provisional findings I acknowledged Mr O organised car hire without prior discussion with One Insurance. I understand Mr O already had a hire car when the repairs were approved. However the hire car that had been organised by himself could have been returned if One Insurance had provided him with a courtesy car from its own supplier network, as per the terms and conditions of his policy, at this point in the claim.
- If One Insurance receive payment for additional car hire costs from the third-party insurer any payment already made to Mr O for car hire should be deducted from any further reimbursement of car hire costs.

Based on the evidence I've reviewed; I maintain my provisional decision and I uphold Mr O's complaint.

I require One Insurance to pay him the cost to hire a basic car from 4 January 2024 to 21 February 2024 based on available commercial rates. This should be paid now.

My final decision

For the reasons I have given I uphold this complaint.

I require One Insurance Limited to pay Mr O the cost to hire a *basic* car from 4 January 2024 to 21 February 2024 based on available commercial rates.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 26 November 2024.

Sally-Ann Harding
Ombudsman