

## **The complaint**

Mr G has complained about the amount HDI Global Specialty SE (HDI Global) has paid in settlement of his claim under his vehicle hire insurance policy.

Any reference to HDI Global includes its agents.

## **What happened**

Mr G's vehicle, which he used as a taxi, was damaged in an accident. He made a claim under his policy for a replacement vehicle. HDI Global didn't provide a vehicle, but made a retrospective payment of £280 in settlement of the claim. It said this was based on the policy terms which said it could pay £40 per day for seven days instead of providing a replacement vehicle.

Mr G complained via the Financial Ombudsman Service to HDI Global about what it had paid. HDI Global issued a final response letter maintaining what it had paid was correct. Mr G then asked us to consider his complaint.

One of our investigators thought Mr G's complaint should be upheld. He said that HDI Global should pay him what it would have cost to hire a replacement vehicle licenced for use as a taxi with his local council for a period of 14 days, less the £280 it had already paid, plus interest.

HDI Global didn't accept the investigator's assessment. It's said it complied with the terms of the policy by making the payment of £280 to Mr G.

Mr G has now let us know that he has checked with his local council and it would have cost £340 per week to hire a suitable replacement 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.

Having done so, I've decided to uphold it for the same reasons as our investigator.

I've reviewed the terms of Mr G's policy and I think they are difficult to follow and are not as clear as they should be on what Mr G is entitled to. On the one hand they say that if there is an insured event HDI Global will pay the insured's replacement hire vehicle costs up to the limit of indemnity. The limit of indemnity is defined as a maximum replacement hire period of 14 days. Then on the other hand they say at HDI Global's discretion it will pay £40 per day for seven days in lieu of a replacement hire vehicle. The terms also say that a payment will only be made if the claim has reasonable prospects of success. This is defined as where the insured has a greater than 50% chance of successfully pursuing or defending a claim. However, the insured events only appear to include a fault claim.

Mr G had an accident in which it seems HDI Global accepts he was at fault. And this is an insured event under the policy. And, as I've mentioned, the policy terms say that HDI Global

will pay Mr G's replacement hire vehicle costs up to the limit of indemnity, which is 14 days. In view of this, I consider it is fair and reasonable for Mr G to receive what would have been the cost to him of hiring a licenced vehicle for 14 days. He's said he's been told by his local council this would have cost £340 per week, but he'll need to provide evidence of this. If he can, then I consider the fair and reasonable outcome to this complaint is for HDI Global to pay Mr G a further £400 in settlement of his complaint, i.e. £680 less the £280 it has already paid, plus interest.

If Mr G can't provide proof that the hire cost would have been £340 per week then HDI Global will need to pay him a further £280, plus interest, i.e. £560 less the £280 it has already paid. This is because I think it is fair to say that a suitable replacement vehicle would have cost at least £40 per day, as this is the amount per day allowed under the policy by HDI Global. I appreciate Mr G was sent a copy of an updated policy with a higher amount, but this was sent in error.

The interest is to compensate Mr G for being without funds he should have had. It should be paid from the date HDI Global paid the £280, as I think this is when it should have paid him the higher amount.

I have considered HDI Global's point that it had the discretion to pay £40 per day for seven days instead of the cost of a replacement hire vehicle. However, I do not consider it would produce a fair and reasonable outcome if I were to allow it to rely on this term. This is because the whole idea of the policy is to provide a suitable replacement vehicle for 14 days. And if HDI Global couldn't do this, I think it needed to provide Mr G with the funds to hire one himself.

### **Putting things right**

For the reasons set out above, I've decided to uphold Mr G's complaint about HDI Global and make it pay him a further £400 in settlement of his claim if he can provide evidence from his local council to show it would have cost £340 per week to hire a replacement vehicle licenced for him to use as a taxi. If Mr G can't provide this evidence HDI Global must pay him a further £280 in settlement of his claim.

HDI Global must also add interest to the further amount payable to Mr G from when it paid him £280 to the date of actual payment.\*

\* HDI Global must tell Mr G 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 Mr G if asked to do so. This will allow Mr G to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

### **My final decision**

I uphold Mr G's complaint and require HDI Global Specialty SE to do what I've set out in the 'Putting things right' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 December 2024.

Robert Short  
**Ombudsman**