

The complaint

Miss G has complained about the fact that Michael Scott and Lau Insurance Warehouse (MSLIW) referred her to a claims management company, I'll refer to as N.

What happened

Miss G's car was damaged in two incidents; one in December 2023 and one in January 2024. She contacted MSLIW on both occasions to discuss what to do. MSLIW suggested she should contact N for assistance, as opposed to making a claim under her policy. Miss G did this and N arranged for her car to be repaired and for her to have a hire vehicle. She has said that the hire car was not road worthy, her car wasn't properly repaired, further damage was caused to it and it was returned to her with a wheel not properly secured. She complained to N about all of this and was assisted to some extent by MSLIW with her complaint. Miss G has also explained how unhappy she is with the way N dealt with her concerns and their attitude generally.

She asked us to consider her complaint. One of our investigators did this. She initially said she didn't think MSLIW had done anything wrong. But she eventually concluded that it didn't explain things clearly enough when it referred Miss G to N and that it should pay her £250 in compensation for the distress and inconvenience she had experienced because of this.

MSLIW let N know about the investigator's view and it wrote to Miss G. It said that it would pay the £250 our investigator had recommended on a without prejudice basis and on the strict understanding it would be the final payment it would make. It also said its repairer would rectify any issues with the repairs to Miss G's car.

Miss G let our investigator know she was unhappy about being contacted by N. And it was clear she wasn't happy with the investigator's suggested outcome on her complaint. So, we let MSLIW know that it was not appropriate for it to involve N in Miss G's complaint with us. And that it needed to pay the £250 compensation direct to Miss N. And our investigator referred Miss G's complaint to me for a formal decision.

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.

I agree with our investigator that MSLIW didn't fulfil its obligations when it referred Miss G to N. I am not going to go in to detail here, but it is clear from our website what we expect a business to do when referring its customers to an accident management and/or credit hire company - <https://www.financial-ombudsman.org.uk/consumers/complaints-can-help/insurance/motor-insurance/credit-hire-credit-repair-services-following-no-fault-accident>.

And, from the evidence provided it is clear to me that MSLIW didn't fulfil its obligations when referring Miss G to N. And I think this led to Miss M deciding to let N deal with her claims for damage to her car instead of going through her own insurer. She then had major problems with N in relation to the repairs, its attitude and faced the possibility in being involved in a

claim for hire charges when she wasn't expecting it. This caused her a great deal of distress and inconvenience. However, I cannot compensate her directly for all the distress and inconvenience she has experienced due to her dealings with N. This is because, while MSLIW referred her to N, I do not consider it would be fair to hold it responsible for the level of service provided by N and the problems with the repairs to Miss G's car. These things are really N's responsibility and Miss G will need to deal with N on them or follow a separate arbitration process about these things if this is available. Unfortunately, we are not able to consider complaint about N.

However, I do agree with our investigator that MSLIW needs to pay Miss G £250 in compensation for the distress and inconvenience she experienced as a result of its poor referral, which led to her being in a process she wasn't expecting to be in and having difficulties she wasn't expecting to have. This payment must come direct from MSLIW to Miss G and any payment or offer made by N is not relevant and doesn't alter the fact MSLIW needs to make this payment. And I am pleased to see that MSLIW told us in December 2024 that it had reached out to Miss G and offered to make this payment to her bank account. But I am not sure at this stage whether it has actually made the payment.

Putting things right

For the reasons set out above, I uphold Miss G's complaint about MSLIW and require it to pay her £250 in compensation for distress and inconvenience if it has not done so already. If it hasn't already made the payment MSLIW must do so within 28 days of the date on which we tell it Miss G 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.

My final decision

I uphold Miss G's complaint about Michael Scott and Lau Insurance Warehouse 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 Miss G to accept or reject my decision before 21 February 2025.

Robert Short
Ombudsman