

## **The complaint**

Mr M complains that Covea Insurance plc (“Covea”) misled him about hire car costs after he made a claim on his car insurance policy.

## **What happened**

On 11 May 2023, Mr M’s car was damaged following a road traffic accident involving another car. Mr M reported the incident to Covea on 12 May 2023, and on 13 May 2023 he took out a hire car, which was scheduled for return on 26 May 2023.

Covea initially said it thought Mr M’s car was a total loss. But Mr M questioned this. So, Covea arranged to have the car taken to a dealership for further inspection. And following these further investigations, it deemed the car repairable, and it arranged a courtesy car for Mr M.

The third party’s insurer subsequently accepted liability for the incident. And in November 2023, Covea requested reimbursement of its repair costs. Mr M called Covea around this time for an update, and he asked Covea if it had also requested reimbursement of his hire car costs from the third party’s insurer. Covea told Mr M it had not, and that as his hire car costs were an uninsured loss, he’d need to pursue these himself from the third party’s insurer.

Mr M complained, saying Covea had led him to think it would help him recover his hire car costs.

Covea provided a final response in January 2024. It said it had told Mr M on multiple occasions to send his hire car invoices to it and it would look to recover these costs back from the third party’s insurer. It said it had given Mr M the wrong advice in this regard, as it couldn’t help with the recovery of his hire car costs. In recognition of this, Covea paid Mr M £75 in compensation.

Our investigator didn’t find Covea’s response fair. She said Covea had the opportunity to refer Mr M to a hire car company before he’d taken out a hire car himself, and further opportunity to advise Mr M to stop his car hire and refer him to a hire car company whilst he was using the hire car. She also thought by misleading Mr M into thinking it would assist with the recovery of his hire car costs, Covea had discouraged Mr M from taking his own action to pursue these costs.

So, the investigator said to put this right Covea should pay Mr M his hire car costs and add interest to this amount, in addition to paying him a further £75 compensation to bring the total amount to £150.

Covea didn’t agree, so the complaint was referred to me to decide. I issued a provisional decision upholding the complaint, and I said:

*“I’ve begun by looking at Mr M’s policy documents. The policy terms say that subject to availability a small courtesy car would be provided whilst repairs are carried out by a*

*recommended repairer. This means that Covea weren't required under the policy terms to provide a courtesy car if the insured car was a total loss.*

*Some car insurers will offer guaranteed replacement car cover as an additional policy option. This typically has fewer restrictions than a basic courtesy car benefit such as the above. And may, for example, also provide a replacement car when the insured car is a total loss. But, looking at Mr M's policy documents, it doesn't look like he'd taken out guaranteed replacement car cover.*

*Because Mr M didn't have guaranteed replacement car cover, and Covea initially assessed his car to be a total loss, it wasn't required under the policy terms to provide Mr M with a replacement car. So, I don't think it was unfair for Covea not to arrange a replacement car for Mr M at the outset of his claim when it wasn't known his car was repairable. I understand that once the damage to Mr M's car was reappraised and the car was deemed repairable, Covea arranged a courtesy car for Mr M.*

*I understand Mr M made his own arrangements to take out a hire car a couple of days after the accident. Covea has provided recordings of the calls between itself and Mr M. I've listened to these calls to check if Covea gave Mr M any unfair advice which may have prejudiced his decision to do this.*

*One of the named drivers initially reported the incident. And on that call, she asked if a replacement car would be provided. Covea explained that a courtesy car would only be provided if Mr M's car was repairable. I don't think this was unfair since that advice was in line with what the policy terms say.*

*On a subsequent call, shortly after the accident, Mr M said he needed a replacement car that day. Covea explained again it would only provide a courtesy car if his own car was repairable, which hadn't yet been established. And it said he should check with the seller of his policy to see if he had guaranteed replacement car cover. Mr M said on this call he intended to arrange his own hire car and he asked if he could claim the cost back through Covea. Covea said that it may be possible, but it couldn't guarantee it.*

*I think Covea misinformed Mr M here because it led him to think there was a possibility it could help him recover hire car costs, when, in fact, there was not.*

*But I don't think this likely affected Mr M's decision to take out the hire car. Mr M said he needed a car that day. And Covea had already said it couldn't provide him a replacement car. So, I think even if Covea hadn't suggested it was possible it would help Mr M recover the hire car costs, it's likely Mr M would have gone ahead anyway and taken out the hire car.*

*But I do think Covea set an expectation from this point it would help Mr M recover the hire car costs. And this call wasn't the only occasion in which Covea led Mr M to think that. Covea's notes show Mr M was again informed this in June 2023. It wasn't until November 2023 Mr M was told that Covea couldn't help him recover his hire car cost.*

*I think that was unfair and caused Mr M distress through loss of expectation. I also think Mr M was inconvenienced, because if Covea had informed Mr M when he first enquired that it couldn't help him recover the hire car costs, Mr M potentially could have made his own arrangements at an earlier stage to recover his hire car costs. And it also likely would have avoided Mr M the inconvenience of any further discussions with Covea about his hire car costs.*

*I think some additional compensation is warranted beyond the £75 Covea originally paid for the impact this caused. So, I think Covea should pay Mr M a further £75 compensation, bringing the total amount to £150.*

*I've considered if Covea should also reimburse Mr M the hire car costs. I understand Mr M will be disappointed by this, but I've reached a different position to investigator on this point. And I don't think Covea should pay this.*

*As I set out earlier, Mr M wasn't covered under his policy for the hire car costs since he didn't have guaranteed replacement car cover. And although I think Covea misled Mr M into thinking it would help to recover the hire car costs, I don't think it likely would have changed Mr M's decision to take out a hire car had it not done so. So, I don't think Covea could have acted differently to avoid Mr M incurring the hire car costs. Or that it was required under the policy terms to pay Mr M these costs.*

*Because the hire car costs are an uninsured loss, I don't think it was unfair for Covea not to assist Mr M with recovering them. If Mr M had motor legal expenses cover on his policy, that may have been something he could have used to assist him with recovering his hire car costs. But according to Covea, Mr M didn't have motor legal expenses cover on his policy.*

*Ultimately, I'm not persuaded that Mr M is in the position of having to make his own arrangements to recover his hire car costs due to any unfairness on the part of Covea. Mr M didn't have cover for a guaranteed replacement car, meaning Covea wasn't required to pay his hire car costs. Additionally, he didn't have motor legal expenses cover, so Covea wasn't obliged to provide a solicitor to assist him in recovering these costs. Because of this, I do not consider it unfair for Covea to not pay Mr M's hire car costs or to not assist with their recovery."*

Covea replied to the provisional decision accepting it. Mr M replied saying he did not accept the provisional decision. In summary, he said:

- He hadn't been paid the £75 compensation Covea mentioned in its final response, as he refused this.
- Covea had originally decided his car was a total loss based on a review of photos taken of the car at the scene of the incident. But within 24 to 36 hours of the car being taken to the repairer, Covea deemed it to be repairable.
- If Covea had correctly deemed the car to be repairable at the outset, a courtesy car would have been provided the day after the accident.

### **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've considered Mr M's response to my provisional decision, but I've reached the same conclusions as I did in my provisional decision.

As I set out in my provisional decision, Mr M would only have been entitled to a courtesy car subject to availability and if repairs were carried out by one of Covea's recommended repairers. So, the policy terms didn't guarantee that a courtesy car would be provided. And the terms say that a courtesy car would only be provided while any damage to the car was being repaired.

This means Mr M wouldn't have been entitled to receive a courtesy car while his claim was being assessed. Under the terms, he would only have been entitled to a courtesy car, if one was available, after repairs had been authorised, and had started.

Mr M's car was damaged on 11 May 2023. And he took out a hire car two days later. But at this point, his claim was still being assessed, and Covea were awaiting images from the holding garage. Given the short timeframe, I don't find it unusual, or unreasonable that Covea hadn't yet completed its assessment by this point.

Covea's notes show it received the images on 15 May 2023 and sent these to its engineer for review. Mr M discussed the claim with Covea on 16 May 2023, and Covea explained its engineer thought Mr M's car may be beyond economical repair judging from the photos at the incident, but until it had received a report and estimate it was unable to confirm if the car was a total loss. Covea offered to take the car to the dealership to carry out an estimate. Mr M agreed to this, and said he knew the dealership and was intending to have someone from there look at the car.

On 17 May 2023, Covea's notes show it prepared a total loss report and sent the valuation to Mr M. But it later noted it shouldn't have done this as it had yet to receive an estimate. So, I think Covea caused some confusion here. But on 19 May 2023 Covea told Mr M that although it had sent the total loss valuations to him, it had spoken to its repairer that day who thought the car may be repairable, but it was awaiting an estimate for confirmation of this.

I can see after this on 24 May 2023 repairs were authorised by Covea, following which Mr M was supplied a courtesy car.

Ultimately, Mr M would only have been entitled to a courtesy car once repairs had started on his car. But to reach that point, Covea would first have needed to complete an assessment and determine Mr M's car was repairable. And I'm satisfied that it did complete that assessment and it did so within a reasonable timeframe. Because of this, and the reasons I set out in my provisional decision, I don't think Covea acted unfairly to cause Mr M to take out a hire car.

I acknowledge Mr M's comment that he hasn't been paid the £75 in compensation Covea referred to in its final response. As I set out in my provisional decision, I think a total of £150 compensation is fair and reasonable for the distress and inconvenience Covea caused. So, if Covea has not yet paid Mr M the £75 it mentioned in its final response, it should pay Mr M this amount to ensure he receives in total £150.

### **Putting things right**

To put things right, I require Covea to pay Mr M an additional £75 in compensation. And if it hasn't done so already, it should also pay Mr M the £75 in compensation it offered in its final response to ensure Mr M receives a total of £150 in compensation for this complaint.

### **My final decision**

My final decision is that I uphold this complaint and I require Covea Insurance plc to carry out what I've set out in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 January 2025.

Daniel Tinkler

**Ombudsman**