

The complaint

Ms M complains that she wasn't provided with a hire vehicle by U K Insurance Limited (UKI) after making a claim under her van insurance policy.

What happened

Ms M insures a van with UKI for personal and private, rather than business or commercial, use. Ms M's van was damaged by a third-party vehicle and a total loss settlement was ultimately paid.

However, during the claim, Ms M raised several complaints with UKI. This included:

- Mis-advice about whether a hire vehicle would be provided
- That a hire vehicle ultimately wasn't provided and the impact of this
- That UKI didn't tell Ms M at the point of sale or renewal they'd never provide a hire vehicle due to her location, and that UKI had never intended to fulfil that part of her insurance policy
- A delay in the total loss settlement being paid
- Poor communication and claim handling

UKI responded to Ms M's complaints. They accepted communication and their claim handling had been poor. Across the complaints UKI initially paid £350 compensation, and later paid a further £150 compensation.

UKI recognised they'd also failed to provide a courtesy van. UKI said that where a courtesy van wasn't provided, the policy terms provided for up to £15 per day, for a maximum of 21 days, totalling £315. However, whilst the policy provided for £315 where a courtesy van wasn't provided, UKI paid £500 for this failure instead.

As Ms M remained unhappy, she approached the Financial Ombudsman Service.

When the complaint was referred to this service, UKI made an increased offer of a further £250 compensation. One of our investigators relayed this to Ms M, but she remained unhappy.

So, the investigator considered the complaint, but she didn't recommend UKI do anything further. The investigator said that UKI had paid beyond the limit that the policy terms outlined would be paid in the absence of providing a courtesy van. And she also said that she didn't think the policy had been mis-sold as it wasn't that UKI could never provide a courtesy van, instead, on this occasion, they'd failed to.

Whilst the investigator agreed there had been poor service, she thought UKI's total offer of £1,250 was fair for what happened, so she didn't recommend they do anything further.

Ms M didn't agree and asked for a final decision from an ombudsman.

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 reached the same overall outcome as our investigator, so I won't be directing UKI to do anything further.

I'll also outline that I don't intend on commenting on every event that happened, or every complaint point that was raised. Instead, I'll focus on the points I consider key when reaching a final decision which is fair and reasonable in all the circumstances of the case. I don't mean this as a discourtesy to either party, instead it reflects the informal nature of this service, and my role in it. Having said that, I'd like to reassure both parties that I've considered all the information they've provided when reaching my final decision.

It isn't in dispute by UKI that the claim wasn't handled in line with Ms M's reasonable expectations. There was poor communication, conflicting and different advice given about whether a courtesy van would be provided, and there were delays in the claim including the total loss payment.

Across the claim and complaints, UKI initially offered £350 compensation, and later a further £150 compensation. And after the complaint came to this service, UKI made a further offer of an additional £250. In addition to the compensation outlined above, UKI also paid £500 in the absence of providing a courtesy vehicle. Having considered all the information provided, I think what has been offered by UKI is fair and reasonable in the circumstances, and I won't be directing UKI to increase this.

Whilst Ms M has referred to UKI not providing a *hire* vehicle, her policy provides cover for a *courtesy van*:

"Courtesy van – a small car-derived van, that is supplied to you temporarily by the hire vehicle company.

Hire vehicle company – the company that we instruct to give you the courtesy van."

And in the following circumstances which are relevant here:

"If your vehicle is written off, or is stolen and not recovered

We will provide you with a courtesy van for whichever is shortest of these two periods:

- up to 21 days in a row;*
- up to 5 days after our first (or only) payment has been issued to settle your claim."*

But UKI ultimately didn't provide a courtesy van and gave conflicting information around this during the claim.

UKI has referred to the following terms (point three) which explain what happens when a courtesy van isn't provided:

"If we cannot provide you with a courtesy van because any of the following applies, we will repay your travel costs up to £15 a day, for up to a maximum of 21 days if:

- *you are injured during the accident in a way that prevents you from driving;*
- *your vehicle has been professionally adapted to carry a disabled driver or passenger, and a suitable courtesy van is not available;*
- *there are no courtesy vans available, and no alternative vehicles are available for hire."*

So, the maximum payment when applying this term would be £315, and UKI highlights that they paid in excess of this and paid Ms M £500 instead.

Ms M has argued that this term (point three) doesn't apply. She says that whilst UKI's appointed agent couldn't provide a vehicle, there were several other car hire companies in a reasonable proximity to her which could've provided a vehicle to use instead. Whilst I recognise that there may have been other car hire companies available, UKI will have outsourcing arrangements in place with specific agents and companies. And just because another company provides similar services, UKI may not have commercial agreements in place with them to use the services they offer.

Although UKI has referred to the term which says the maximum amount payable if a courtesy van isn't provided would be £315 (£15 times 21 days), they have offered beyond this in any event. So, if UKI had limited the payment to £315, I'd need to decide whether UKI had fairly applied this term (including whether it actually applied in the first place – given there were other car hire companies available), but UKI hasn't strictly applied this term or paid the maximum payable under it. Instead, UKI's made an offer of £500 instead for not providing a courtesy van. And whilst I recognise Ms M is unhappy with this, I think this amount offered is fair, so I won't be directing UKI to increase it.

Ms M also outlined hiring a vehicle using the other available companies would have cost UKI in excess of £1,000. So, Ms M says that by UKI failing to provide a vehicle via their agent, and providing £500 instead, they've saved at least £500. Although using another car hire company, which isn't an outsourced agent of UKI, might have cost UKI at least £500 more than the £500 they paid Ms M, that doesn't mean that the cost saving difference then needs to be paid to Ms M by UKI. I'm satisfied what has already been offered for this is fair, so I won't be directing UKI to increase this.

I also recognise that Ms M has raised concerns that UKI would never be able to fulfil the courtesy van section of her policy, based on her location, if they were unwilling to use other car hire companies, so she says this should have been made clear when selling and renewing her policy.

However, although Ms M was given conflicting information by UKI and their hire agent during her claim, UKI has confirmed that the agent can, and should have, either outsourced, or obtained a vehicle from another location and transported it to Ms M's location. And UKI has provided feedback to their agent following what happened. So, although UKI failed - during this claim - to provide a courtesy van, I'm unable to conclude that they'd never be able to, and never intended to, fulfil this part of the policy. So, I don't agree UKI should have outlined this during the sale or renewal, or that the policy was mis-sold on this basis as Ms M alleges.

I accept that UKI did fail to provide a courtesy van - on this occasion. And UKI's agent could have, and should have, done more in trying to obtain and provide a courtesy van. But that's why they've given £500 for this, and part of the reason they've also offered £750 compensation too – so a total of £1,250 for what happened. And having considered all the information provided, I think that's fair and reasonable in all the circumstances, so I won't be directing UKI to do anything further.

My final decision

U K Insurance Limited has already made an offer to pay a total of £1,250 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that U K Insurance Limited should pay Ms M the £1,250 already offered, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 21 February 2025.

Callum Milne
Ombudsman