

The complaint

Mr P is unhappy with the actions of U K Insurance Limited ('UKI') when responding to his motor insurance claim.

Most of Mr P's dissatisfaction relates to the actions of the actions of UKI's agents - primarily a car hire company ('B1'). As UKI have accepted responsibility for the actions of their appointed agents, any reference to UKI in my decision should be interpreted as covering the actions of their appointed agents.

What happened

The background to this complaint is well known to Mr P and UKI. Rather than repeat in detail what's already known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr P made a claim under his motor insurance policy with UKI. The claim was accepted and repairs to Mr P's car were carried out. A short while later, Mr P's car needed to be returned following issues with the repairs.

UKI arranged for a hire car to be provided to Mr P whilst the repair was carried out. Mr P encountered several issues with the car, including various warning lights coming on and a puncture in one of the tyres. Mr P says he was told he'd be reimbursed for the cost of the new tyre. Mr P's own car was returned to him in early December 2024. B1 made enquiries about the return of the hire car and ultimately it was removed from Mr P's address following the police being called.

Mr P raised a complaint as he felt UKI had acted unfairly when taking the car back, delays in reimbursing him for the tyre and loss of earnings, distress to his family because of police calling to his property, damage to his driveway and being chased for payment of almost £3,000 - related to recovery, key replacement, valet and hire charges by B1.

UKI partially upheld the complaint and offered Mr P a total of £250 compensation across several complaints. This was primarily related to issues with the hire car. Mr P remained unhappy and referred his complaint to our Service for an independent review. Our Investigator recently let Mr P and UKI know that she wasn't recommending that the complaint be upheld. As the dispute remains unresolved, it's been referred to me for a final 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

A lot of Mr P's complaint focuses on distress caused by the police visiting his property in January 2002 in relation to the recovery of the hire car. Whilst I can consider the events that ultimately led to UKI contacting the police, I can't consider the impact of the police's actions. Mr P has told us that he has raised a separate complaint directly with the police regarding their conduct and the impact of their actions.

As UKI have acknowledged they've let Mr P down with the service provided, my decision will primarily consider whether the compensation offered goes far enough to recognise the impact of any failings on Mr P.

I can consider *most* of Mr P's dissatisfaction against UKI (and their agents) as the hire car company (B1) were acting in a capacity as an agent of UKI when the hire car was provided. There were several contracts/agreements in place here:

- Mr P had a contract of insurance with UKI;
- UKI had an agreement with B1, that Mr P would be provided with a hire car whilst repairs were ongoing; and
- Mr P also had a separate agreement with B1 that had its' own terms and conditions – in addition to the insurance contract.

In my decision I will consider the actions of B1 - but only in their capacity as an agent of UKI. For example, I can consider the communication to Mr P around the time the hire car should've been returned, how clear it was made to him and the recovery of the car. But any issue with the chasing of the debt after recovery, or it being passed to any third-party collection company by B1 is beyond the scope of this decision.

The recovery of the hire car

The key costs that are disputed by Mr P arose out of his separate agreement with B1 – as the 'period of hire' which UKI were liable for had come to an end. I say this because the insurance contract terms state, page 15 (bold added for my emphasis):

"You may only use the hire car:

> While your car remains off the road or being repaired as a result of an accident, fire or theft covered by this section of your policy....

In addition:

"The hire car company's terms and conditions apply as well as ours. They'll give you a copy of these when you collect the hire car. If there's any conflict between our terms and the hire car company's, our terms will apply."

Both agreements (between Mr P and UKI and with B1) are relevant when considering what is a fair and reasonable outcome in this complaint.

As outlined above, under the relevant policy terms, a hire car provided through UKI is *only* available whilst a repair is ongoing. As Mr P's own car was returned to him on 6 December 2023, that meant the 'hire period' had come to an end. In this type of claim scenario, it wouldn't be unusual for B1 to communicate directly with Mr P, rather than through UKI.

I've considered if any mitigation applies as to why Mr P didn't return the car at that point or make the necessary arrangements to do so. Mr P says following a puncture in one of the

hire car's tyres, B1 agreed to reimburse him for the cost of it being replaced and associated loss of earnings. Mr P says there was a delay in him receiving payment and he didn't want to return the car until he'd been reimbursed for these costs. The evidence shows that B1 did look to reimburse Mr P for his outlay within a reasonable timeframe:

"We have raised 2 cheques for £214.50- replacement tyre costs and £450 - for loss of earnings due to tyre issues the cheque for £214.50 was raised twice and in error so one of them was cancelled."

Further detail:

"As per call with [B1]... PH supplied LOE [loss of earnings] evidence so the payment was stopped and re-raised as one payment on 07/12/2023. Cheque was authorised and posted on 18/12/2023 and cleared on 27/12/2023."

I'm satisfied that there wasn't an unreasonable or avoidable delay in Mr P being reimbursed and I find there was no good reason for Mr P to retain the hire car after the date he'd received his own car back. There was no indication given that he wouldn't receive reimbursement. In any case, he had been reimbursed fully by 18 December 2023 and yet he still didn't make any reasonable arrangements to return the car. Regardless of Mr P's motivation, this means he retained the hire car for longer than the contract of insurance allowed him to and therefore breached the terms of his contract of insurance and his separate agreement with B1. The terms of his agreement with B1, as referenced above, state (bold added for my emphasis):

*"2. The Company has agreed to pay the Company Charges for Your use of the Hire Vehicle during the **Approved Period shown overleaf or any extension the Company authorises and agrees with Us. If You retain the Hire Vehicle for any time after the Approved Period or any extension the Company authorises, You must pay the Company Charges for such time personally and immediately on demand.***

*7. When the **hire ends** (however it occurs) **You must immediately make arrangements with Us to return the Hire Vehicle to Us. If You neither make nor keep to arrangements for the return of the Hire Vehicle You irrevocably authorise Us to enter any premises belonging to You or that are in Your occupation or control to repossess the Hire Vehicle without any liability for any loss or damage** and You shall upon demand fully and effectively indemnify Us against all losses, liabilities, damages, costs, actions, claims or demands which it may incur or may arise directly or indirectly out of or in relation to such retaking of possession."*

It naturally follows that under Mr P's separate agreement with B1, charges were added and any extra charges he has incurred with B1 after 6 December 2023 are his responsibility and *not* UKI's.

The evidence shows that B1 tried to contact Mr P on several occasions across several weeks to arrange the return. It was a reasonable course of action that B1 reported the car as 'stolen' in December 2023 and this ultimately resulted in the police attending Mr P's property after a failed recovery attempt. As outlined in a final response letter:

"[UKI's agent] have provided a summary from their records. On the first call... you advised you would not return the hire car. The second attempt was unsuccessful. On the third attempt to contact you... you requested a call back 30 minutes later. This call back was unsuccessful, and they did not leave a message for you. When [B1] were able to talk to you again, later that morning you refused to return the hire car."

Mr P has alleged B1 caused damage to his driveway during the recovery of the hire car. I've noted the quote for repair he's provided to UKI, but I also note through online research, the part of his driveway he alleges was damaged by B1 'dragging the car' appears to already be damaged in May 2023 - several months before the incident. Regardless, the terms of his agreement with B1 (quoted above) make it clear that if Mr P breaches the terms of this agreement, they can take action to recover their asset. I make no further finding or direction in relation to this point.

I'm satisfied the compensation already offered by UKI is fair, reasonable and proportionate - relative to the impact of any failings related to the first repair of his car and the impact on Mr P.

Summary

If things had happened as they ought to, UKI were liable for any hire costs during the agreed period when his car was being repaired. This ended on 6 December 2023 when Mr P's car was returned to him. If Mr P decided to retain the hire car for longer than that, he breached the terms of his insurance contract with UKI and it follows that he also breached his contract with UKI's agent - which has led to recovery of the car and the costs that are now disputed.

As UKI have told us they've already paid the relevant compensation to Mr P, I make no direction in my decision for UKI to do anything further.

My decision will disappoint Mr P, but it ends our Service's involvement in trying to informally resolve this dispute between him and UKI.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 August 2025.

Daniel O'Shea
Ombudsman