

The complaint

Mr A has complained about the way Wakam handled his claim under his private hire motor insurance policy and the fact that under the terms of his policy he was not entitled to a suitable replacement vehicle while his car was off the road.

What happened

Mr A's car, which he uses as a taxi, was damaged in an accident. And he made a claim under his policy with Wakam. It said it would arrange for his car to be repaired. And it also passed his details on to a credit hire company I'll refer to as P, to arrange a replacement car for him while his was off the road. P couldn't get an admission of liability from the third party who was involved in the accident with Mr A or their insurer. This meant they wouldn't provide him with a replacement car. He also mentioned that he had been told he'd be charged £600 for cover for a temporary replacement vehicle.

Mr A complained to Wakam about not being provided with a replacement car. But it told him this wasn't something he was entitled to under his policy. He also complained about the fact the repairer Wakam had appointed wanted him to send images of his car before they'd consider repairing it. So Wakam arranged for another repairer to inspect it and provide an estimate. And this repairer booked Mr A's car in for around 17 days after it inspected it. It then completed the repairs around three weeks after they took the car in. Mr A also complained that the person he wanted to speak with at Wakam wouldn't speak with him on some occasions.

Wakam issued a final response letter to Mr A on 14 February 2024. In this it said that his policy did not provide for him to have a replacement vehicle and there was nothing it could do about this. It also explained that the person he wanted to speak with might not always be available but would call him back if he left a message. It also addressed a concern Mr A had about it not sending correspondence to the third party's insurer in a timely fashion.

Mr A then complained about the fact that there were electrical problems with his car after it was returned to him. And Wakam told him to take it to a manufacturer approved garage and get a report on these issues to send to it. And it said it would then consider whether they were related to the repair and – if it thought they were – it would then arrange for them to be put right and pay for the report.

Wakam did not issue a final response letter on the problems with the repairs. But when Mr A referred his complaint to us in June 2024 he said he was unhappy about this, as well as the fact he wasn't provided with a replacement vehicle. He also mentioned the fact that he was unhappy that he had been told he'd have to pay extra to put a temporary vehicle on cover. We told Wakam what Mr A had complained about and asked it to provide the information we needed to consider Mr A's complaint. One of our investigator's then considered Mr A's complaint and said it shouldn't be upheld because he didn't think Wakam had done anything wrong. He also said Wakam hadn't addressed the problems with Mr A's car after the repairs in its final response letter, so he couldn't consider this.

Mr A didn't accept the investigator's view. He said that that the main delay on the repairs to

his car was caused by Wakam's mismanagement of his claim. And that he had complained about the problems with his car when it was returned to him, but Wakam failed to take responsibility for this.

The investigator then addressed some of Mr A's further points by email. His case was then taken over by another investigator and Mr A provided her with his further comments. He said that it had taken Wakam far too long to get his car repaired and that he could have got it done in less than a week at a lower cost, but Wakam wouldn't agree to this. And he said it was clear he had complained to Wakam about the problems with the repair.

The second investigator then issued a further view on Mr A's complaint. She reiterated the point made by the first investigator that Wakam was not obliged to provide Mr A with a replacement vehicle under the terms of his policy. And she said she felt that overall the length of time it had taken Wakam to have his vehicle repaired was reasonable. She mentioned Wakam had agreed to consider the problems with Mr A's car when it was returned to him if he provided a diagnostic report on them, but she didn't say whether she felt this was reasonable. And she said she felt that overall Wakam had communicated with Mr A reasonably.

Mr A wasn't happy with the second investigator's view and asked for an ombudsman's decision. He said the investigator hadn't commented on the information he'd provided about his discussions with the first repairer Wakam had appointed. And that she had simply repeated what Wakam had said about the further problems with his car when it was returned to him. He also explained that, as he saw it, the policy was misrepresented when it was sold to him, as he was told it was comprehensive when it didn't provide a replacement car if his car was damaged in an accident; thus not offering the highest level of protection.

I spoke with Mr A and asked him whether he hired a replacement vehicle while his car was off the road. He explained that he did not, as he couldn't really afford the hire cost and the cost of insuring it. I also asked whether he'd had the faults with his car when he got it back from Wakam's repairer fixed. He explained that he'd made a claim for an accident with his new insurer; and they were fixed as part of this.

Mr A also questioned Wakam's handling of the recovery of its outlay from the third-party insurer. And I explained to him that we'd only considered what it had done up to the point he brought his complaint to us. And that if he wasn't happy with what Wakam had done on it since this point, he'd need to make a new complaint about it.

I issued a provisional decision on 29 May 2025 in which I set out what I'd provisionally decided and why as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When Mr A first made his claim, Wakam passed his details to P, who is a separate credit hire company, and they considered providing Mr A with a suitable replacement car. But they wouldn't do this because the third party or their insurer wouldn't accept responsibility for the accident in which his car was damaged.

But Wakam was not obliged to provide Mr A with a replacement vehicle instead, despite Mr A's policy being a comprehensive one, because there was no provision in the policy for this.

But it is clear Mr A expected to get a replacement vehicle he could use as a taxi, but didn't have this cover as part of the policy Wakam provided to him. Mr A's policy with Wakam was

taken out through an insurance broker - Zego, who as I understand it, act as an agent for Wakam. So Wakam is responsible for what Zego did when it sold the policy to Mr A, and for any failure on its part to meet its obligations when doing so. So I've considered whether Zego fulfilled its obligations when selling the policy to Mr A on behalf of Wakam.

The policy Mr A had provided the sort of cover I'd expect under a comprehensive policy. But it was still Zego's responsibility to either make sure it met Mr A's demands and needs or to provide him with sufficient information about it in a clear, fair and not misleading way to enable him to decide for himself whether it was suitable.

I've not seen any evidence from Wakam about how the policy was sold to Mr A and whether it was recommended to him or not. But Mr A told me he bought it online. So, I have assumed Zego didn't recommend it to him. But I've not seen that Zego provided Mr A with a summary document which set out the main features, benefits and limitations of the policy. And I think it would have been good industry practice for it to provide this. It should also have made clear reference in it to the fact that under Mr A's policy he would not be provided with a suitable replacement vehicle if his car was off the road due to an accident. I say this because having a replacement vehicle if the insured vehicle is off the road is a key consideration for any taxi driver buying a policy to cover their taxi.

So, as far as I can see, neither Zego nor Wakam provided a policy summary document or equivalent. And I think this means they failed to meet their obligations to Mr A. And I think this prejudiced Mr A's position. I say this because I think if Zego or Wakam had provided a summary of cover, Mr A would have realised he needed to either take out a different policy which provided for a replacement vehicle if his car was off the road. Or he'd have bought a separate policy that provided cover for this. I say this because it is clear from what he has said that this was a key concern for him. This would have meant when he was told by P it couldn't provide him with a replacement car, he could have got one under his own policy. Or he would have asked for one straight away when he made his claim.

This means Mr A wouldn't have been without a car to enable him to work for more than a few days after his accident. Therefore, as part of the fair and reasonable outcome to his complaint, I think Wakam needs to compensate Mr A for his loss as a result of not being able to work from the fourth day after his accident until he was able to start working again when he got his car back from Wakam's repairer. To work out what he has lost Wakam will need to establish what Mr A's average net profit would have been on each of these days and pay him this amount for each day, plus interest at 8% per annum simple for each day lost to compensate him for being without these funds. It will be up to Mr A to provide Wakam with the evidence needed to do this. And I'd suggest the best evidence would be his tax return for the period April 2022 to April 2023. But it is up to Wakam to decide the best way to work this out.

I've considered whether Wakam should have done more when Mr A reported the problems with his car after it was returned to him by its repairer. And I think it should have appointed an engineer to investigate the problems Mr A had reported. I say this because it seems very unlikely to me that these problems would have existed before his car was damaged with Mr A just leaving them outstanding. This for me means there was a strong possibility they were linked to the damage to his car. As Mr A has said, the wiring on a modern car is extensive and can easily be affected by a heavy impact. And, if the car is not properly checked by a repairer, problems like the ones Mr A experienced can be missed. So, I think rather than telling Mr A to get a diagnostic report, Wakam should have appointed an engineer to investigate the problems and advise it on whether they were accident related. It didn't do this. This meant Mr A had to put up with the problems for a considerable period of time. And he had the frustration of Wakam telling him it wouldn't investigate them. I think this caused Mr A unnecessary distress and inconvenience and that Wakam needs to pay him

£200 in compensation for this.

I also think the fact Mr A didn't get a replacement vehicle and Wakam's failure to even consider this aspect properly and instead just refer to the policy terms, caused Mr A a great deal of stress and concern. And even when Mr A tried to come up with a solution and wanted to hire a replacement vehicle himself, Wakam made things unnecessarily difficult by refusing to cover it under his existing policy; despite this being something insurers do routinely with courtesy cars. This meant Mr A couldn't work and had the worry of the financial pressure this put him under. The situation was made worse by a delay in getting Mr A's vehicle repaired, which seems to have been in part due to the repairer not being able to get parts. But it does seem to have taken a bit longer than it should have done for the second repairer to be given the go ahead by Wakam. And the distress and inconvenience all this caused Mr A would have been significant. I think this warrants a further compensation payment of £300.

I've also considered Wakam's initial contact with the third-party insurer about liability. And I'm satisfied it did what I'd expect in this regard. And I've also considered Wakam's general communications with Mr A which, although difficult at times, I think were conducted appropriately in the main.

My provisional decision

For the reasons set out above, I've provisionally decided to uphold Mr A's complaint about Wakam and require it to do the following:

Compensate him for the income he lost in the period he was without a car from the fourth day after his claim to the date he got his own car back, plus interest, as set out above.

Pay Mr A £500 in compensation for distress and inconvenience.

I gave both parties until 12 June 2025 to provide further comments and evidence in response to my provisional decision.

Mr A has responded to say that, while he appreciates the fairness and comprehensiveness of my investigation, he thinks that he should receive more compensation for the distress and inconvenience he experienced as a result of Wakam's failings.

Wakam has responded to say it disagrees with my conclusion that Zego failed to provide the policy documentation to Mr A. And it's pointed out that because Mr A bought the policy online he'd have received an email directing him to access his policy documents via his online account. It's also pointed out that the policy wording does not state a courtesy vehicle will be provided for the duration of repairs. And that this service is subject to availability from its approved repairer network and is limited to use for social, domestic and pleasure purposes.

Wakam also said Mr A's policy does not extend to covering uninsured losses such as loss of use or additional personal expenses. And that during the sales process Mr A was given the option to select add-on policies, including a vehicle replacement policy, and only chose a breakdown assistance policy. In view of this, it does not consider it is appropriate for Mr A to receive compensation for loss of earnings or a replacement vehicle.

Finally, Wakam has said that ultimately it was Mr A's responsibility to ensure he selected a policy that aligned with his specific needs at point of purchase.

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, it remains my view that Mr A's complaint should be upheld for the reasons set out in my provisional decision. I've explained why below.

I have noted what Mr A has said, but it remains my view that the level of compensation I have suggested for distress and inconvenience is appropriate. This is because I'm satisfied it's fair overall and it reflects the fact that I have also decided that Wakam should cover Mr A's loss of earnings, and this will compensate him for the financial impact its failings had on him.

I've also noted Wakam's further comments, but they have not altered my view on the fair and reasonable outcome to Mr A's complaint.

As I explained in my provisional decision, when it sold the policy to Mr A online it needed to provide him with sufficient information about it in a clear, fair and not misleading way to enable him to decide for himself whether it was suitable. And I do not consider simply providing Mr A with the policy document was enough for it to meet this obligation. This is because Mr A should not have had to read the full policy document to understand the main limitations and exclusions in the policy. One of the main limitations is the fact that the policy does not provide a replacement vehicle that can be used as a taxi if the insured vehicle is off the road awaiting repair. This is of course clear from the policy document, but this does not mean Zego fulfilled its responsibility to point it out, along with the other main limitations, at point of sale. My view is that it is good industry practice for an insurer or their agent to provide some sort of policy summary document when a policy is purchased online that sets these out. And neither Zego nor Wakam provided this in Mr A's case.

So, it remains my view that Wakam and Zego failed to fulfil their obligations when the policy was sold to Mr A and that this prejudiced his position. This is because it meant that he didn't realise he also needed to purchase a replacement vehicle policy to make sure he was entitled to a replacement vehicle he could use as a taxi if his car was off the road needing repairs. And it remains my view that if he had realised this he'd have purchased one as an add on. And Mr A would then have been able to continue working while his vehicle was off the road. Therefore, I still think Wakam needs to cover Mr A's loss of earnings for the period set out in my provisional decision.

The fact that Mr A's policy did not cover uninsured losses is irrelevant, because I am not suggesting that this is the reason Wakam should cover his loss of earnings. It is because of Zego and Wakam's failure to meet their obligations at point of sale. It is also irrelevant that Mr A's policy did not guarantee a courtesy car while his vehicle was in for repair for the same reason.

Wakam has not provided further comments on my view that it should have appointed an engineer to assess the further problems Mr A said he was having with his car when it was returned to him by its approved repairer. So I see no reason to comment further on this, except to say my view on it remains the same as set out in my provisional decision for the same reasons.

I also see no reason to comment further on Wakam's initial contact with the third-party insurer or its general communication with Mr A, as neither party has provided any further comments on these aspects.

Putting things right

In summary, it remains my view that Mr A's complaint should be upheld for the reasons set out in my provisional decision and above. And I consider that the fair and reasonable outcome to it is for Wakam to do the following:

- Compensate Mr A for the income he lost in the period he was without a car from the fourth day after his claim to the date he got his own car back, plus interest, as set out in my provisional decision.
- Pay Mr A £500 in compensation for distress and inconvenience.*

* Wakam must pay the compensation within 28 days of the date we tell it Mr A 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 Mr A's complaint about Wakam and require it to 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 Mr A to accept or reject my decision before 15 July 2025.

Robert Short
Ombudsman