

The complaint

Mrs D is complaining that One Call Insurance Services Limited ('One Call') referred her to a credit hire provider after she had looked to claim for damage to her car against her car insurance policy.

What happened

In July 2024 Mrs D contacted the number in her car insurance policy booklet to say she'd been involved in an accident with a third party and her car had suffered some minor damage. She said she believed the third party was at fault for the accident. She initially said she wasn't sure whether she wanted to claim for the damage. But after getting a quote for the damage of around £1,000 she said she wanted to claim for the damage.

The telephone call discussing the claim was handled by an accident management company ('AMC') who took on the claim as a credit hire provider. The AMC provided Mrs D with a hire car and arranged to have the car repaired. However, it later wrote to Mrs D to say it hadn't been able to recover its outlay from the third party's insurer. So it said Mrs D needed to repay the £1,950 it had paid out.

Mrs D complained to One Call that it had referred her to a credit hire arrangement rather than have the claim dealt with under her insurance policy. She said she thought she was claiming through her insurer and didn't think she'd been treated fairly. One Call said it had given her a choice, but it recognised it could have been a bit clearer on the information it provided. And it offered to pay her £850 in compensation. Mrs D didn't think this was enough as she said it meant she still had to repay the £1,950.

Our Investigator upheld this complaint. She said One Call should have firstly ascertained whether credit hire was suitable in this case. She said, while Mrs D said she wasn't at fault, she did make it clear the third party was disputing liability. So she thought One Call should have recognised there was a possibility it wouldn't get a full recovery from the third party's insurer. She also thought One Call didn't give Mrs D enough information to make an informed choice. She thought Mrs D seemed confused about what was happening and thought Mrs D believed she was speaking with her insurer. She didn't think Mrs D would have chosen to go through credit hire if given more information. However, she thought One Call should compensate Mrs D in a different way. And said thought One Call should cover the credit hire charges, but, it should only have to pay £350 in compensation.

One Call didn't agree with the Investigator's opinion. It said it's not unusual for both parties to dispute liability, but it said the call handler acted reasonably in referring Mrs D to credit hire based on the version of events Mrs D provided. It said Mrs D was in the situation she's in because she provided a false version of events. It believed Mrs D had deliberately provided false information and considered her actions to have been fraudulent. It also said it had explained Mrs D wouldn't be claiming through her insurance policy. And she accepted that.

As One Call didn't accept the Investigator's opinion, the complaint's been passed to me to decide.

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 decided to uphold this complaint and I'll now explain why.

I should first set out that in this decision, I'm only considering One Call liabilities towards Mrs D. I'm aware that there have been a number of other business's involved in this incident – particularly the AMC. But, apart from where the AMC could reasonably be held to be agents of One Call, I'm not able to comment on anything it did or did not do.

We also do not have jurisdiction over the provision of credit hire services, as these are not 'regulated activities' covered by our dispute resolution rules. As I said above, Mrs D entered into a credit hire agreement. This is an entirely separate contract to her insurance policy, as she didn't claim through her insurance policy, so One Call isn't liable for anything the AMC did or did not do as part of the credit hire arrangement – including its acts of recovering losses from the third party.

We can, however, look at how a consumer entered into such an arrangement instead of claiming through their insurance policy. It's important to set out that, when Mrs D first looked to contact One Call following the accident, she was doing so with the intention to claim for the damage to her car through her insurance policy. But in this case, One Call was looking to give Mrs D the option to make use of the credit hire/repair facility. However, in providing her with this option, Mrs D needed to be given enough information to make an informed choice about whether she wanted to claim through her insurance policy or to have the repairs carried out through the use of credit hire and repair. In particular I would have expected, as a minimum, that Mrs D would have been told the following:

- In entering into a credit hire agreement, she wasn't claiming through her insurance policy, but she had the option to do so. And she should have been given a clear choice about whether she wanted to claim through her insurance policy instead.
- The credit hire provider was a separate business to the insurer.
- She may be liable for any outlay – including hire charges – if they're unable to recover the costs from the third party.
- As she was stepping outside of her regulated insurance policy, she may not be able to refer any complaint she may have to this Service.

In short, I would have expected Mrs D to have had explained to her what the benefits and risks of using credit hire were, as well as explaining her rights under the insurance policy. In addition to this, I would expect there to have been a consideration of whether Mrs D had a need for credit hire. In particular, it should have considered whether Mrs D needed to be provided with a like for like replacement car, taking into account what she was entitled to under her own policy.

In this case, I understand the AMC handled the notification of the claim calls on behalf of One Call. So while One Call didn't directly refer Mrs D to credit hire – the AMC did itself – the AMC did so whilst acting as an agent of One Call. So One Call is liable for the way Mrs D was referred to credit hire. However, One Call is not liable for the AMC's handling of the claim thereafter.

I've listened to the telephone call Mrs D had when she was referred into credit hire, but I don't think the risks were made clear. It's clear throughout the call that Mrs D was confused about what was happening and she thought throughout that she was dealing with her insurance policy. And I think this could have been made clearer. But, crucially, I didn't hear

anything to show the call handler made it clear what all the potential pit falls were of having her claim handled through credit hire services – i.e. that she could become liable for the costs. I also don't think any consideration was given about whether she needed credit hire. Mrs D was entitled to a courtesy car under her policy, the damage was minimal and the car was driveable. So the benefits of the policy would have covered Mrs D's requirements.

I'm also conscious Mrs D explained she didn't understand what was happening, but I don't think the call handler did much to alleviate this confusion. The call handler went through some of the core features of the credit hire agreement, but again didn't make it clear Mrs D could have become liable for the costs if a full recovery wasn't made. Ultimately, I don't think One Call did enough to provide Mrs D with sufficient information to make an informed choice.

So I now need to think whether Mrs D has lost out because of what went wrong and, if so, to what extent I think One Call is required to compensate her for her losses.

I'm satisfied Mrs D would not have entered into the credit agreement had she been provided with sufficient information. As I said above, she was entitled to a courtesy car under her policy, the damage was minimal and the car was driveable. While I recognise she wouldn't have had to pay an excess, I'm satisfied it was most likely she would have chosen to use her insurance policy if she truly understood the choice she was being asked to make.

One Call has said Mrs D is only in this situation because it believes she fraudulently provided false information. And it said the terms of the credit hire agreement said she was liable for the costs of the claim in these circumstances. But I find this a very unreasonable statement to make. While I recognise subsequent evidence provided a different version of events, it doesn't mean Mrs D was looking to deliberately defraud anyone – it seems to me her version of events was her genuine reflections of the accident.

There was also no material reason for her to provide false evidence given she was looking to claim against her insurance policy – she wasn't looking to enter into a credit hire/repair arrangement. Ultimately, the simple fact is she would not have been liable for the credit hire bill had she claimed through her insurance policy. So I think she's lost out as a result of the way the referral call was handled.

The Investigator said One Call should cover the amount the AMC is looking to recover from Mrs D and I agree that's fair. She also thought One Call should pay Mrs D £350 in compensation and I also think that's fair, given the trouble and upset Mrs D has experienced from potentially being faced with a £1,950 bill due to no fault of her own.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require One Call Insurance Services Limited to do the following to put things right:

1. Cover the £1,950 bill the AMC has said Mrs D is liable for; and
2. Pay Mrs D £350 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 7 August 2025.

Guy Mitchell

Ombudsman