DRN-5724953

The complaint

Mr J complains about how U K Insurance Limited trading as Direct Line (Direct Line) handled a claim under his motor insurance policy for damage to his vehicle in an accident. He's unhappy at the time taken for repairs to be carried out and Direct Line treating further damage as a separate claim.

Any reference to Direct Line in this decision includes their agents.

This complaint concerns Direct Line as the insurer of Mr J's vehicle, which he leased under the Motability Scheme. The decision doesn't cover the actions of the Motability Scheme operator (M).

What happened

Mr J had a vehicle leased under the Motability Scheme, receiving the vehicle from new in November 2023. Unfortunately, his carer (a named driver) was involved in an accident the following month, when he was hit by a third-party vehicle while he was emerging from a driveway onto a main road. He contacted Direct Line to report the accident, who arranged for the vehicle to be repaired, arriving at their nominated repairer (PC) a few days later. Parts required for the repairs were ordered at the beginning of January 2024 but there were delays, meaning they didn't arrive until the beginning of May 2024 and repair work didn't begin until April 2024. This meant the vehicle wasn't returned to Mr J until June 2024. The vehicle was dirty, and rubbish left in the vehicle, so Direct Line paid Mr J £20 to have the vehicle interior cleaned.

PC had noted three of the vehicle alloy wheels were damaged when they received the vehicle, thinking they were damaged by the recovery agent who delivered the vehicle. Direct Line said they hadn't arranged the recovery, rather it was arranged by the police through their recovery agent. When Mr J had his vehicle returned, he also noted the wheels were damaged and phoned Direct Line, saying the wheels weren't damaged when the vehicle went in for repairs. Mr J said he didn't want this logged as a new claim, which Direct Line initially acknowledged but then contacted Mr J to say they would log it as a new claim (though with the policy excess waived). Mr J again said he didn't want a new claim recorded (as having two claims would affect the premium for his other vehicle). Mr J was initially told by Direct Line the claims would be linked, but this was incorrect. They recorded a second, information only claim.

Mr J also had issues with the hire car provided while his vehicle was in for repair, which wasn't suitable for him. However, the hire car was provided through a hire company that were a supplier to M, not Direct Line.
Because of the issues with the length of time to repair his vehicle, damage to the alloy wheels, the recording of the claim(s) and issues with the hire car, Mr J complained to Direct Line (September 2024).

Direct Line upheld the complaint. In their final response they acknowledged the length of time for repairs to be undertaken, over five months from the vehicle arriving at PC. Direct Line also noted the damage to the vehicle wheels, which PC said was present when the vehicle was delivered to them. Direct Line also acknowledged they incorrectly advised the claim for the damage to the wheels would be linked to the claim for the damage in the accident. Direct Line said this wasn't a process they followed and apologised for the error. As the damage to the wheels was deemed cosmetic only, the vehicle could qualify for a 'repair not required' claim. This meant the damage would be left on the vehicle and the claim changed to 'reported for information only'. If Mr J wanted the damage repaired, he could opt to do so, and the claim would be re-opened. In that eventuality, the policy excess would apply. In recognition of the issues Direct Line accepted, they awarded £250 compensation.

Mr J then complained to this Service. He didn't think a second claim for the damage to the wheels should be recorded, rather the wheels should be repaired and recorded as part of the original claim. He was also unhappy at delays completing repairs and the hire car provided. He wanted Direct Line to acknowledge they could have done more to help get his vehicle returned more quickly (given he is disabled) and that he was given incorrect information about the second claim. He also wanted compensation for the increased insurance costs he faced from a second claim being recorded (he said his insurance renewal had increased by £350).

Our investigator upheld the complaint, concluding Direct Line hadn't acted fairly. He noted the sequence of events regarding the additional claim in respect of the damaged alloy wheels and that Direct Line had incorrectly advised Mr J the two claims would be linked. The investigator thought Direct Line should record the second claim as opened in error and closed, updating the Claims and Underwriting Exchange (CUE). Direct Line should also write to Mr J to confirm the second claim was opened in error so he could take this to his other insurer, and they could update Mr J's premium, including any refund due. Direct Line should pay interest on the refund. As it appeared the vehicle was recovered by the police, Direct Line should investigate the damage to the wheels and present options to Mr J for their repair.

On the hire car issues, the investigator thought this should be raised as a complaint with M. He also thought the £20 paid to have Mr J's vehicle cleaned was fair. On the issue of compensation, the investigator noted Direct Line's award of £250 in their final response and that they had subsequently offered a further £100 after Mr J's complaint was brought to this Service. The investigator thought the revised offer of £350 for distress and inconvenience was fair.

Direct Line disagreed with the investigator's view and asked that an Ombudsman review the complaint. They said the additional claim was already closed (since October 2024) and they had sent a 'repair not required' letter to Mr J. They would consider the investigator's recommendation of a further letter. On the damage to the alloy wheels, they would have to log a claim to investigate. Mr J hadn't provided any evidence the damage wasn't present before his vehicle was recovered, but it was clear the damage was present when the vehicle arrived at the repairer (meaning the damage, if not present before the accident, would have been caused by the recovery agent). So Direct line couldn't be held responsible. That meant Direct Line would have to pursue the issue with the police and the compound to which the vehicle was initially recovered, the prospects for success of which would be low, and the claim would likely be recorded as 'fault'. It wouldn't be possible to close and remove the claim whilst at the same investigating the circumstances and repairing the damage.

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.

My role here is to decide whether Direct Line have acted fairly towards Mr J.

There are several issues in Mr J's complaint. They include the time taken for his vehicle to be repaired following the accident and the additional damage caused to the vehicle wheels. Linked to the latter is whether a separate claim should be recorded or – as Mr J appears to have been incorrectly advised initially – there should be one claim (or linked claims). There are also the issues with the hire car provided.

On the first issue, the time taken for the vehicle to be repaired, it took some six months from the date of the accident in December 2023 for the vehicle to be repaired and returned to Mr J in June 2024. From what I've seen, repair work didn't commence until April 2024, with Direct Line attributing the delayed start of repairs to awaiting parts (though Mr J disputes this, saying his enquiries with the vehicle manufacturer indicated parts were readily available). Also, Mr J says part of the delay was due to capacity issues at PC, meaning they couldn't accommodate his vehicle earlier in their workshop.

Whatever the reason(s), Mr J was without his vehicle for a substantial period, which Direct Line have acknowledged. Given also what Mr J has told us about the impact of being without his vehicle, then I think he suffered distress and inconvenience from the time taken to repair his vehicle, notwithstanding he had a hire car, although he had issues with it.. I'll consider what I think Direct Line need to do to put things right after I've considered the other aspects of the complaint.

The second issue is the damage to the vehicle wheels Mr J says occurred to his vehicle that wasn't present before the accident, so was either caused in the accident, or while being recovered to PC, or at PC. PC say the wheels were damaged when the vehicle was delivered to them for repair. Direct Line say that either the damage occurred when the vehicle was recovered, initially from the scene of the accident and then when delivered to PC, or it was present before the accident (and Mr J is unable to show it wasn't the latter).

Thinking about the circumstances of the case, the nature of the accident and the damage to the front of the vehicle suggests the accident wouldn't have been likely to damage the wheels (and not three, two of which Mr J says were at the rear of the vehicle, which wasn't affected by the accident). And as the vehicle was delivered to Mr J from new only a few weeks before the accident, and had covered less than 100 miles, I think it unlikely that three wheels were damaged in that relatively short time. So, I think it most likely the damage occurred during the recovery of the vehicle from the accident to when it was delivered to PC.

Direct Line have said that recovery of the vehicle after the accident wasn't arranged by them or carried out by their recovery agents, rather it was by the police (and their recovery agents). That being the case, I can't reasonably hold them responsible for any damage to the wheels, which would have been the case had recovery been arranged by Direct Line and/or by their recovery agents. Had that been the case, I think it would have been reasonable that the responsibility and cost of repair should have been covered by Direct Line as they would be responsible for causing the damage while the vehicle was in their care.

So, I can understand Direct Line taking the position the damage to the wheels would be treated as a separate incident, involving a separate third party (the police and/or their recovery agents) and so would mean a separate claim as this is separate to the accident Mr J was claiming for. For which repairs would be arranged upon Mr J making a claim, with a policy excess being applied and Direct Line seeking to make recovery of their outlay from the third party they would have held responsible for the damage. However, as Direct Line have said, this course of action wouldn't be guaranteed to be successful as they would have to provide persuasive evidence of liability to the third party (or get them to accept liability). And given what appears to be the cosmetic nature of the damage, the value of the claim might well be relatively low (a significant proportion of which might be offset by the policy excess).In the circumstances, I think it would be for Direct Line to discuss the options for the damaged wheels and their repair.

However, having considered all these aspects, I'm not persuaded that recording a second claim, albeit as 'repair not required' (information only), has led to a fair and reasonable outcome for Mr J. Having thought about this, including the representations made by Direct Line, while the damage wasn't a direct result of the collision (the accident) it occurred because of the accident (the need for the vehicle to be recovered). And recording a second claim, albeit a 'repair not required' or 'information only' and closing it still leaves Mr J with two claims on his insurance record, rather than one. While I haven't seen clear evidence of the impact of this, Mr J says it did affect the premium for the policy covering his other vehicle. While that is a matter for the insurer of that policy, I think it likely having a second claim would have an impact, even allowing for its recording.

I've also considered Mr J making it clear he didn't want to make a second claim, given the potential or likely impact (and his view it should be covered under the accident claim). And Direct Line have acknowledged he was given incorrect advice from their agent about a second claim being linked to the accident claim. Which would have raised an expectation which was then lost when Direct Line told him the second claim would need to be recoded separately.

So, in the circumstances I think that isn't a fair and reasonable outcome for Mr J. To put things right, I've concluded Direct Line should remove record of the second claim, so that his record only shows the claim for the accident. Direct Line should then write to Mr J confirming this, which he can use to request his other insurer recalculate the premium on his other policy and, if appropriate, refund any difference. Because I think Direct Line were, technically, right to view the wheel damage as resulting from a separate – albeit linked – incident with a separate third party and therefore mean a separate claim, I don't think it would be reasonable to ask them to pay interest on any refund of premium Mr J may obtain from his other insurer.

On the issues Mr J had with the hire car provided while his vehicle was in for repair, from what he's told us, the vehicle was suitable for his carer to drive – but not for him. Which would have meant some distress and inconvenience. However, in the circumstances of the case from what I've seen, that's an issue for M rather than Direct Line, as the hire car was provided through a supplier of M, not Direct Line. So, that would be a complaint to M.

Having reached these conclusions, I've considered (in addition to what I've said earlier) what Direct Line should do to put things right. It's clear they haven't acted fairly in several respects, as they acknowledge in their final response and in their further offer to increase the compensation to Mr J, from £250 to £350.

I've considered the specific circumstances of the case, in the context of the published guidelines from this Service on our approach to awards for distress and inconvenience. I think Mr J did suffer distress and inconvenience, over and above that which would inherently arise from an accident, having to make a claim and his vehicle repaired. Having done so, I've concluded £350 compensation for distress and inconvenience is fair and reasonable, so Direct Line should now make payment of the award (either the full £350 if they haven't already made a payment, or the additional £100 if they've already made payment of the £250 awarded in their final response..

My final decision

For the reasons set out above, it's my final decision to uphold Mr J's complaint. I require U K Insurance Limited trading as Direct Line to:

- Remove record of the second claim, so that Mr J's record only shows the claim for the accident. They should then write to Mr J confirming this, which he can use to request his other insurer recalculate the premium on his other policy and, if appropriate, refund any difference.
- Pay Mr J £350 compensation for distress and inconvenience (or an additional £100 if they've already paid the £250 they originally awarded).

U K Insurance Limited trading as Direct Line must pay the compensation within 28 days of the date we tell them Mr J accepts my final decision. It they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 25 September 2025.

Paul King
Ombudsman