

The complaint

Mr H complains American International Group UK Limited (AIG) unfairly declined to settle his claim on his car hire excess insurance policy.

AIG are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As AIG have accepted it is accountable for the actions of the intermediary, in my decision, any reference AIG includes the actions of the intermediary.

What happened

When using a hire vehicle Mr H was involved in an accident with a third-party who was riding a motorbike. The vehicle on hire to Mr H wasn't damaged.

Although no damage was sustained to the hire vehicle, the hire company received a claim from the third-party. Because Mr H had been deemed at fault for the accident, it settled the claim and charged Mr H the policy excess. Mr H is of the view AIG should reimburse this amount under the terms of his policy.

AIG declined to settle his claim. It said this was due to the policy not providing cover for any loss or damage to a third-party.

Because Mr H was not happy with AIG, he brought the complaint to our service.

Our investigator didn't uphold the complaint. They looked into the case and said they were satisfied AIG had made Mr H aware, within the policy documentation, that he wasn't covered for any claim for loss or damage to a third-party and it declined his claim in line with the terms and conditions of his policy.

As Mr H is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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 saw this policy was sold to Mr H on a non-advised basis and the policy certificate states it is for him to read the policy and ensure it meets all of his requirements.

AIG said Mr H's policy only covered him for damage to the hired vehicle. Mr H feels the policy terms are not clear and are contradictory. He said his claim was for reimbursement of the excess charged to him under the terms of the rental agreement, not for the third-party damage itself. He said the policy wording does not state that excess charges are only reimbursable if the hire vehicle itself is damaged.

I saw AIG relied on the following term within the policy to decline Mr H's claim for his policy excess;

"General Policy Exclusions applying to all Sections

The following are excluded from all sections of this Policy:

- *any claim for loss or damage to a third party including bodily injury and damage to property, which should be covered by the insurers of the rental vehicle."*

I also saw that at the start of the terms of the policy and it says;

"This insurance is designed for any person who rents a car from a licensed Car Rental Company or Car Club and wishes to protect themselves from the cost of the Excess and other costs in the event of Accident or Damage to the vehicle."

This insurance policy is provided to protect against excess costs for damage to the hired vehicle. I think it's clear in the terms that the policy cover is limited to reimbursement of the cost of excess relating only to accidents or damage to the vehicle on hire by the policy holder. I am not persuaded the policy implies it covers all scenarios of excess being charged.

This means that the cover Mr H purchased didn't cover the incident scenario in this case, because the claim paid by the vehicle hire company was for a claim from the third-party.

I recognise when Mr H queried why his claim had been declined that he was initially provided with incorrect information from AIG's agent who told him *that any claim involving a third party responsible for the accident or damage would not be covered*. AIG acknowledged this was an error by its agent and explained the actual reason for the denial of his claim was that he was claiming for the excess in relation to a claim from the third-party, of which he was responsible for, which wasn't covered under his policy.

I understand Mr H will be disappointed, and I do recognise that AIG initially provided him with incorrect information regarding its reason for declining his claim, and this will have caused confusion. However the policy explained it didn't cover for loss or damage for a third-party, and AIG fairly declined to settle his claim under the terms of his policy.

Therefore, I don't uphold Mr H's complaint and don't require AIG to do anything further in this case.

My final decision

For the reasons I have given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 December 2025.

Sally-Ann Harding
Ombudsman