

The complaint

Miss H is complaining PREMIUM CHOICE LIMITED trading as A Choice didn't give her enough information when she called to report an accident and make a claim on her car insurance policy.

What happened

The facts of this complaint are well known to all parties, so I won't set them out in detail. But, in summary, Miss H was involved in two accidents. The handling of both claims was handled by a solicitor firm – who I shall refer to as W. Miss H is primarily unhappy with the way W handled the claims. But she says A Choice didn't explain that she was being passed to solicitors and thought W was acting on behalf of her insurer.

A Choice said Miss H had a choice when reporting the claim to call the insurer on the number in their policy booklet or call W in the number of A Choice's terms of business. And it said Miss H chose to call W. So it didn't think it acted unfairly.

I issued a provisional decision upholding this complaint and I said the following:

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

It's important to set out that, when Miss H first looked to contact A Choice following the accident, she was doing so with the intention to claim for the damage to her car through her insurance policy. However, following the call, W took over the handling of the claim by entering Miss H into a "credit hire" agreement. This was an arrangement outside of the terms of the insurance policy – i.e. no claim was ever made under the insurance policy and the insurer has confirmed this.

W is not a party to this complaint, so I cannot comment on the way it has handled Miss H's claim. 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, Miss H entered into a credit hire agreement. This is an entirely separate contract to her insurance policy. she didn't claim through her insurance policy, so A Choice isn't liable for anything W did or did not do as part of the credit hire arrangement.

We can, however, look at how a consumer entered into such an arrangement instead of claiming through their insurance policy. In short, I need to think about whether Miss H was 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 Miss H 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.*
 - If applicable, 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 Miss H 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 Miss H had a need for credit hire. In particular, it should have considered whether Miss H needed to be provided with a like for like replacement car, taking into account what she was entitled to under her own policy.

I've first considered A Choice's comments that Miss H chose to call W rather than her insurer. But she called the telephone number in A Choice's terms of business it said to call to report a claim. This was a reasonable act by Miss H. However, this phone number was for W and there was nothing in the terms of business that set out she wasn't calling A Choice or her insurer. I don't find this fair.

Further to this, given W effectively handled the first notification of loss calls on behalf of A Choice, it was acting on A Choice's behalf in this act. So A Choice is liable for anything W did and didn't do in this telephone call.

So, I think W needed to inform Miss H of all the things I set out above. A Choice has provided a transcript of the telephone call. I've read the transcript and it's clear from this that Miss H didn't understand at any point what was happening. For example she asked "I'm talking with my insurance at the moment yes, no?" And W said "So you're speaking to the broker for A Choice Insurance. That's your broker and we're their non fault accident management company so yes, you have come through to the correct place."

So W essentially told Miss H it was acting on her broker's behalf. I've also listened to follow up telephone calls Miss H had with A Choice and the call handler in that said W was its in house lawyers. So throughout the early stages Miss H was essentially told that W was acting on behalf of A Choice. And that wasn't correct.

As I said, A Choice isn't responsible for the way W handled the claim. But it – and W when acting on its behalf – has left her confused about what's happened. I think if W and A Choice had been clearer, Miss H would have had a greater understanding of what was happening. I think this failing has caused her a degree of distress and inconvenience. And I think it should pay her £150 in compensation to recognise this.

A Choice has said Miss H didn't complain about this and was only unhappy with the way W handled the second claim. But I don't agree. She's clearly set out throughout she was confused about what had happened and this was the focus of her complaint with A Choice."

Miss H responded and she said she recognised we couldn't consider W's actions, but she still didn't feel £150 felt like sufficient compensation for everything that has happened to her as a result of the handling of the claim.

A Choice accepted my provisional 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.

I recognise Miss H has found the whole claim process and W's actions distressing. And I sympathise with the situation she's found herself in. But as I set out in my provisional decision, I can only consider the way she was first referred to W. I'm unable to consider the way W has handled her claims and the impact this has had on her.

Ultimately, neither party has given me anything new to think about, so I see no reason to reach a different conclusion to the one I reached in my provisional decision. So I uphold this complaint for the reasons I set out before and will require A Choice to pay Miss H £150 in compensation.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require PREMIUM CHOICE LIMITED to pay Miss H £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 25 February 2026.

Guy Mitchell
Ombudsman