

complaint

Mr P's complaint is that Admiral Insurance Company Limited didn't fully explain the differences between having his claim dealt with directly by Admiral or by a partner credit hire service. In particular, that a hire car provided by a third party agency wouldn't be covered under his own fully comprehensive policy.

background

I have attached my provisional decision from September 2015, which forms part of this final decision. In my provisional decision I set out why I was thinking of upholding Mr P's complaint. I invited both Mr P and Admiral to provide any further submission they may wish to make before I reached a final decision. Admiral has made some further comments that I will address below.

my findings

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

Admiral has said that it's unclear what I'm referring to in my provisional decision when I say it didn't explain where the service provided by the credit hire company might fall short of the service provided by Admiral itself. It says that the credit hire company is expected to provide the same level of customer service as Admiral.

I have asked Admiral for clarification on whether, in a similar situation to Mrs P's, it would expect a policyholder to cover any loss of use of a courtesy car. It confirmed that it wouldn't. It says that if the credit hire company have requested this in relation to the hire car, then it must be in line with their procedures. This seems to me to be a clear example of a significant difference between the service provided by Admiral and the credit hire company. And clearly it would be better in this circumstance for a policyholder to have taken a courtesy car under their own fully comprehensive policy – which means that the service provided by the credit hire company falls short of that provided by Admiral.

Admiral has also said that if Mr P had taken out a courtesy car with it, he would still have been liable for the cost of repairs if they stemmed from his wife's negligence. It has quoted a section of the policy in support of this which states:

3. Care of your car

You or any person covered by the policy must:

Protect your car from loss or damage

In order for Admiral to decline a claim under this part of the policy, this service's normal approach is that it would have to prove that a person had shown recklessness. In other words that they recognised the risk but deliberately 'courted' it. It's difficult to prove this as often people will simply fail to recognise the risk. And I think it's unlikely that Admiral would be able to prove it in this case. Because it would need to show that Mrs P knew there was a risk that the car would suffer significant damage, but that she continued along the flooded road anyway. I don't think you could conclude that Mrs P appreciated that her actions would ruin the car.

In summary, I think that Admiral presented the services of the credit hire company as the preferable option. If it had provided fuller information, I think Mrs P would have elected to deal with the claim using her husband's fully comprehensive insurance. So she would have had a courtesy car. And if the incident that happened had occurred in a courtesy car, Admiral wouldn't now be chasing Mr P for the cost of repairs and loss of use. It follows that I uphold Mr P's complaint.

my final decision

My decision is that I uphold Mr P's complaint. Admiral Insurance Company Limited should take responsibility for the costs that the credit hire company is pursuing Mr P for.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 November 2015.

Carole Clark
ombudsman

COPY OF PROVISIONAL DECISION

complaint

Mr P's complaint is that Admiral Insurance Company Limited didn't fully explain the differences between having his claim dealt with directly by Admiral or by a partner credit hire service. In particular, that a hire car provided by a third party agency wouldn't be covered under his own fully comprehensive policy.

background

Mrs P is a named driver on the policy. Their car was damaged whilst it was parked in Mrs P's work car park. Because she had evidence of who hit the car, the incident could be dealt with as a non-fault incident. This meant that they had the option of using Admiral to deal with the claim, or using the non-fault service provided by the credit hire company. Mrs P rang Admiral to discuss the claim and agreed to use the credit hire company. As well as dealing with the repairs to their vehicle, this service was able to arrange a hire car. Unfortunately the hire car was damaged by flooding whilst Mrs P was driving it. The cost to repair it, plus a fee for loss of use of the hire car, came to £9,919.40. The credit hire company believed that the damage happened as a result of Mrs P's negligence. As such, it was not covered by the hire car's insurance policy. Mr P is therefore being chased by the credit hire company for the full cost of repairs/loss of use.

Our adjudicator thought that Admiral had done enough to provide relevant information about the service provided by the credit hire company. So he didn't uphold the complaint. Mr P disagrees and so the complaint has been passed to me for a decision.

my provisional findings

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

As credit hire companies operate in a credit hire capacity, which is not an activity regulated by the Financial Conduct Authority, this service is unable to consider a complaint directly against the credit hire company. What I can look at is whether Admiral provided Mrs P with enough information for her to make an informed choice about using the credit hire company.

Mrs P made two phone calls to Admiral about her claim. In the first one she calls to register that her car has been in an accident. At that point she doesn't have the details of the third party responsible for the damage. She says that the security guard at work is going to look at the CCTV to see if it picked up who hit her car. She then says that she can't remember if her policy includes a courtesy car. The advisor says that she would get a courtesy car because she's got a fully comprehensive policy. She then asks about garages that are local to her. The advisor starts to tell her about the nearest ones but explains that the car will be collected anyway. He then says *'Yes we can get that all arranged, fingers crossed it doesn't come to that. If it's the case we can get the registration and claim from the other person's insurance company, then we can look to pass you through to (the credit hire company). They are classed as a non-fault service and they will look to do the repairs for you, a hire vehicle as well, and it means you won't have to pay any excess then'*.

The advisor hasn't given any details about the differences between claiming on their own policy or using the credit hire service, apart from saying that the excess wouldn't be payable. But by saying *'fingers crossed it doesn't come to that'* in relation to claiming on their own fully comprehensive policy, I think the advisor creates the impression that using the credit hire service is by far the better option, and that claiming on their own policy would be a last resort.

Mrs P phones a second time to explain that she was successfully able to get the third party's registration number from the CCTV and that she was also able to get the name of the driver from a sign-in sheet at reception.

A different advisor explains to Mrs P that there are a couple of options available to her. That she can claim on her own policy or use the non-fault service. He explains that using the non-fault service means that there would be no excess to pay and that her no claims bonus wouldn't be affected. Mrs P replies 'Yes, *obviously that's what I'd want to do*'. The advisor then explains that the credit hire service can provide a replacement vehicle if she'd like and Mrs P says that she would. At the end of the call the advisor gives the name of the credit hire company and he then puts her through to them.

Our adjudicator thought that Admiral had broadly done enough to provide relevant information about the service provided by the credit hire company. This is where my view differs. It seems to me that the Admiral advisors only explained the benefits of choosing the credit hire service. It was not explained where the service provided by the credit hire company might fall short of the service they'd get from Admiral under their own fully comprehensive policy. Furthermore the first advisor leads Mrs P towards using the credit hire company by presenting it as the much more preferable option.

So I don't think that Admiral appropriately referred Mrs P to the credit hire company. Because I don't think she understood that she would lose the protection of the terms and conditions of their own motor insurance policy.

I'm currently satisfied that, had Mrs P been clearly advised she would most likely have progressed the claim through their own fully comprehensive policy. She then would have been provided with a courtesy car as part of that policy. So Mr P wouldn't then be in the position of being chased for the costs associated with the hire car.

My current decision is to uphold this complaint and to hold Admiral responsible for the actions of the credit hire company.

my provisional decision

My provisional decision is that I uphold Mr P's complaint. Admiral Insurance Company Limited should ensure that the credit hire company do not pursue Mr P for the costs of damage/loss of use of the hire car. Admiral should also ask the credit hire company to remove any adverse credit reference information that it may have registered about this debt.

Carole Clark
ombudsman