

The complaint

Mr L is complaining that Hastings Insurance Services Limited didn't give him to option to use his car insurance policy when he sought assistance after being involved in an accident.

What happened

Mr L took out a car insurance policy through Hastings – a broker. In March 2023, Mr L was involved in an accident with a third party's vehicle. He reported the claim online to Hastings. The following day Hastings wrote to him to say the repairs would be completed through its repair network and the claim would be handled by a company I shall refer to as "E".

Mr L is unhappy that he later learnt that E would provide him with a hire car outside of the terms of the policy. And he said he made it clear to Hastings he only wanted a courtesy car under the terms of the insurance policy and he didn't want a hire car if he could potentially be liable for the cost. He complained to Hastings that it didn't understand his concerns and that it was forcing the hire car on to him.

Our investigator upheld this complaint. She didn't think Hastings explained the arrangement with E at first, but she thought it was clearer in later calls. So she did think Mr L did later understand what had happened. But she thought Hastings had caused some distress and inconvenience and thought it should pay Mr L £150 in compensation.

Both Mr L and Hastings disagreed with the investigator. Hastings said Mr L hadn't raised these concerns with it before. Mr L reiterated that he kept telling Hastings and E that he did not want a hire car, but Hastings kept forcing him down E's route. And he said he's lost out significantly financially as a result.

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 I acknowledge I've summarised Mr L's complaint in a lot less detail than he has presented it. Mr L has raised a number of reasons about why he's unhappy about what's happened regarding this matter. However, in this decision, I haven't commented on each and every point he's raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this; it simply reflects the informal nature of this service. I assure Mr L and Hastings that I have read and considered everything he's provided.

I also need to make clear that, in this decision, I'm only considering Hastings' liabilities as his broker and the policy's administrator towards Mr L. I'm aware that there have been a number of other businesses involved in this incident – particularly E and the insurer. But, apart from where E could reasonably be held to be agents of Hastings, I'm not able to comment on anything it did or did not do.

I understand that, under the terms of business between Hastings and the insurer, Hastings were responsible for the initial administration of the claim – i.e. providing Mr L with the facility to report the claim and Hastings would arrange for the claim process to start. Thereafter, responsibility for the claim under the insurance contract was the insurer's responsibility. So, in this decision, I'm considering whether Hastings handled the initial administration of the claim fairly and reasonably. Mr L has also raised a complaint about the actions of the insurer but that complaint is being considered under a separate reference.

Mr L initially reported the claim online. Following this, I understand Hastings appointed E to deal with the claim on Mr L's behalf. Mr L has set out that E contacted him and asked him to go through the circumstances of the claim. Following this, he spoke with the insurer and was unhappy he had to explain everything again. In reality, when E took over the handling of the claim it was looking to enter Mr L into a "credit hire" agreement – which would have been an arrangement outside of the terms of the insurance policy. It seems to me that the majority of Mr L's upset is down to the fact that he was referred to a credit hire provider in the first instance.

It's not unusual for insurers to refer consumers to a credit hire provider where they think their insured was not at fault for an accident. And there are advantages to consumers for doing so – they wouldn't have to pay their excess, their no claims discount wouldn't be affected and they'd get a like for like hire car. But there are risks to it too. So, when referring a claim to a credit hire provider, Hastings needed to give Mr L enough information to make an informed choice about whether he wanted to claim through his 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 Mr L would have been told the following:

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

In short, I would have expected Mr L to have had explained to him what the benefits and risks of using credit hire were, as well as explaining his rights under the insurance policy. In addition to this, I would expect there to have been a consideration of whether Mr L had a need for credit hire. In particular, it should have considered whether Mr L needed to be provided with a like for like replacement car, taking into account what he was entitled to under his own policy. I also would expect Mr L to be given a choice about whether he would like to claim through his insurance policy or through credit hire *before* the claim was referred to the credit hire provider

Hastings didn't do any of this and, instead, immediately referred Mr L into credit hire. I would have expected Hastings to have given him this option through the online process, or the at very least, E should have done so on Hastings' behalf when it first contacted him. And I haven't seen anything to show it did this.

I can see there were subsequent discussions about the fact E would be providing the hire car outside of the policy terms after. However, Mr E was also told he'd receive a call back to confirm he wouldn't be liable for these charges, but didn't receive this.

I'm aware Mr L later had numerous telephone calls and sent subsequent emails making it

clear he did not want a credit hire car and wanted a courtesy car under the policy. I'm satisfied Mr L would not have chosen to go into credit hire had he been given an informed choice at the start. And I think this has caused delays in the handling of the claim and caused him a lot of distress and inconvenience.

That said, I do think a lot of the distress and inconvenience Mr L has set out he's experienced was as a result of the actions of the insurer. And, as I said, the insurer's actions are being considered in a separate complaint.

But I still think Hastings' initial failure to give Mr L an informed choice has caused Mr L some distress and inconvenience. The investigator thought Hastings should pay £150 in compensation for this and I think that's fair 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 Hastings Insurance Services Limited to pay Mr L £150 in compensation for the distress and inconvenience it's caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 11 September 2024.

Guy Mitchell

Ombudsman