

The complaint

Mr C complains about BISL Limited and the service they provided after he contacted them to make a claim on his motor insurance policy following a non-fault road traffic accident.

What happened

Mr C held a motor insurance policy which was sold, and administered, by BISL. The policy itself was underwritten by a separate business acting as the policy insurer, who I'll refer to as "H".

Unfortunately, in July 2022, Mr C was involved in a non-fault road traffic accident. So, he notified who he believed to be his insurer. But as BISL administered the policy on H's behalf, Mr C spoke to BISL. And as the claim was deemed to be non-fault, BISL referred Mr C to a separate accident management company (AMC), who I'll refer to as "E", to complete the repairs to his car, and provide a replacement hire car, under a separate credit agreement.

But Mr C was unhappy with the agreement put forward by E, as he didn't want to be potentially liable for the costs E incurred, if they were unable to claim them back from the third party at fault. So, he refused to authorise E to continue with the repairs. And he contacted BISL to make a complaint.

Mr C was unhappy that BISL were, from his perspective, refusing to repair his car without him entering into a credit agreement he was unhappy with. And he was unhappy with the delays this had caused. So, he wanted BISL to repair his car, and to compensate him for the upset he'd been caused.

BISL responded to the complaint and upheld it in part. They explained they were acting in their role as the broker, not the underwriter. So, they explained it wasn't their responsibility to repair Mr C's car. They explained Mr C was able to sign the agreement with E to allow E to proceed, or that he could contact H directly to claim on his policy. So, they didn't think they had acted unfairly regarding this point. But they accepted a call has disconnected without Mr C being called back when discussing his situation and so, they paid Mr C £30 to recognise any upset this caused. Mr C remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. They didn't think BISL had explained E's role, and the fact Mr C may be liable for any costs they incurred, clearly or reasonably on the claim notification call. Nor did they think BISL reasonably explored whether this referral to E was the correct decision for Mr C's circumstances. So, they thought BISL should pay Mr C a further £150 to recognise the impact these failures had.

BISL accepted this recommendation. But Mr C didn't. And he maintained his unhappiness with BISL and their continued failure to arrange repairs to his car. Our investigator replied to Mr C on several occasions, explaining the options available to Mr C regarding repairs to his car, which including him contacting H directly to claim on his insurance policy. But Mr C continued to disagree and so, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, I think it would be useful for me to set out exactly what I've been able to consider, and the role of each party throughout the claim process as I think it's clear there's been some confusion regarding this.

My decision focuses solely on the actions of BISL, who were acting as the broker of the policy. So, they are responsible for the sale of the policy Mr C held, and its administration. Crucially, the policy itself is underwritten by a separate insurer, H. So, while BISL administer policies on behalf of H, they are not responsible for any repairs to Mr C's car themselves, should Mr C want to claim on his policy directly. This would be the responsibility of H.

And in this situation, BISL initially referred Mr C's claim to E, who are a separate accident management company. So, BISL aren't responsible for the credit agreement put forward by E, or E's refusal to continue with repairs until this agreement is signed.

So, my decision centres around the service BISL provided to Mr C directly, that they are responsible for. And this involves the information they provided to Mr C when they initially referred him to E.

When considering a referral of this nature, we would expect BISL to provide Mr C with information that is fair, clear, and not misleading so Mr C was able to make an informed decision about how he wanted to proceed, and the potential ramifications of this decision. So, I'd expect the risks of any and all options to be made reasonably clear. And I'd also expect BISL to explore Mr C's own individual situation, and the level of cover he held with H, to ensure any referral met his needs and was in his best interests.

I've listened to the initial claim notification call, where BISL referred Mr C to E. And having done so, I don't think BISL made it reasonably clear to Mr C that E were a separate business, and that by agreeing to use their services he would be agreeing for any repairs to be undertaken outside of a regulated insurance contract. Nor do I think they made it reasonably clear to Mr C that, should E not be able to recoup their costs, Mr C would then be liable for these. And finally, I don't think BISL reasonably attempted to explore Mr C's own individual situation, and the cover his own policy underwritten by H provided. So, I don't think I can say BISL acted fairly, or reasonably, when referring Mr C's claim to E. And I think it's reasonable for me to assume BISL don't dispute this, as they accepted this finding set out in our investigator's initial recommendation. So, as I think BISL acted unfairly, I've then thought about what I think they should do to put things right.

Putting things right

When thinking about what I think BISL should do to put things right, any award or direction I make is intended to place Mr C back in the position he would've been, had BISL acted fairly in the first place.

Had BISL acted fairly, I think BISL would've made it reasonably clear to Mr C the potential risks and ramifications of a referral to E on the initial claim notification call. And, considering

Mr C refused to sign the credit agreement with E, I think it's reasonable for me to assume Mr C would've chosen to pursue a claim through his own insurer, H, at this point.

So, I think BISL's failures led to a delay in Mr C being aware he should instead pursue his claim through H, rather than E. From the timeline I've seen, I don't think Mr C became aware he needed to contact H directly to claim through them until mid-August and so, I think BISL unreasonably delayed Mr C's claim for around three weeks. And I don't doubt the upset and inconvenience this would've caused Mr C, whose car was awaiting repairs during this time. So, I think he should be compensated for this.

But I don't think it would be fair for me to hold BISL responsible for any delays after this time, as I think at this point, they made Mr C reasonably aware of the options available to him. And from what I've seen, I can't see that Mr C chose one of the available options and I don't think this was something BISL were able to influence, or control.

Our investigator recommended that BISL pay Mr C an additional £150, on top of the £30 already paid, to recognise the distress and inconvenience I've described above. And I think this additional payment is a fair one, that falls in line with our service's approach and what I would've directed, had it not already put forward.

I think it fairly compensates Mr C for the delays that resulted from BISL's unclear referral, and any inconvenience this caused. But I think it also takes into consideration the fact Mr C didn't enter into the agreement with E and so wasn't placed at a financial risk he was unaware of. And I think it also reflects the fact that BISL appropriately set out the options available to Mr C after he made his concerns about the agreement with E clear.

So, I am directing BISL to pay Mr C an additional £150 compensation. Should Mr C wish to pursue a claim through his insurance policy and he has not done so already, he will need to contact his insurer, H, directly.

My final decision

For the reasons outlined above, I uphold Mr C's complaint about BISL Limited, and I direct them to take the following action:

- Pay Mr C an additional £150 compensation to recognise the inconvenience he suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 November 2023.

Josh Haskey
Ombudsman