

The complaint

Mr A complains that BISL Limited mis-sold him an optional extra when he bought his third party fire and theft motor insurance policy. He wants it to increase its offer of compensation.

What happened

Mr A took out a policy through BISL and bought Guaranteed Replacement Car (GRC) cover. But when he was involved in an incident with an uninsured driver BISL said GRC wouldn't apply. Mr A thought the exclusion from cover wasn't made clear to him at the point of sale or on BISL's website. He thought he'd been mis-sold GRC.

BISL paid Mr A £25 compensation for a dropped call. It said GRC didn't apply as there was no-one the insurer could recover its outlay from. But it refunded Mr A the cost of the GRC from inception. BISL also agreed the exclusion wasn't made clear on its website. It offered Mr A the benefits he would have been entitled to if his claim had been accepted, £10 a day for loss of use for 14 days. But Mr A wanted £350, and the costs of his storage reimbursed.

Our Investigator didn't recommend that the complaint should be upheld. He thought BISL had agreed it had made an error, but he thought its offers to put things right were fair and reasonable. He thought it had covered Mr A's hire costs. He thought it wasn't responsible for Mr A's storage costs as he could have mitigated his losses and removed his car sooner.

Mr A replied that he'd have incurred £420 hire costs, but he'd borrowed cars instead. He thought BISL should pay him this and £100 for his monthly direct debits after his car was written off. Mr A asked for an Ombudsman's review, so his complaint has come to me for a final 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 can understand that Mr A feels frustrated that he didn't receive the benefits he expected from the GRC option he had bought through BISL. The sale of the policy by the broker, BISL was non-advised. This means it has a responsibility to provide "clear, fair and not misleading information" to policyholders.

And, on this occasion, BISL agreed that it didn't do this. This was because the policy documents and BISL's website didn't make it clear that GRC didn't apply when the claim was for damage, the policy was third party, fire and theft and the other party was uninsured. In this case, the claim wouldn't be accepted as the insurer had no-one from whom to recover its outlay.

When a business makes a mistake, as BISL accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

BISL refunded Mr A's premiums for his GRC option from when he first took out his policy. The option would have provided Mr A with a hire car for 14 days. Mr A had hired a car for four days, paying £120, and then borrowed cars or used alternatives.

BISL offered Mr A £140 for his loss of use. This was calculated at £10 a day which I am satisfied is the industry standard compensation for loss of use. So I'm satisfied that BISL's offer restores Mr A's position to what it would have been without its error and considers the impact the error had on him. And so I think its offer is fair and reasonable.

Mr A thought he should be paid £420 for hire costs as this is what he would have incurred if he had hire for 14 days. But I don't think this is fair or reasonable because BISL's offer covers Mr A's actual expenditure and I don't think it's fair for Mr A to benefit from its mistake.

Mr A also thought BISL should reimburse his storage costs. But I can see that BISL dealt with his claim promptly and Mr A could have disposed of his car sooner than he did, and so avoided storage costs. Storage isn't provided under the GRC option. So Mr A would have incurred these costs regardless of the GRC. And so I can't say that BISL is responsible for these losses.

Mr A has also explained that BISL continued to collect his monthly premium after his car was disposed of. But this isn't something I can consider here as I can't see that Mr A has raised this concern with BISL to give it a chance to respond.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 December 2023.

Phillip Berechree
Ombudsman