

The complaint

Mr S complains that Zurich Insurance PLC (Zurich) declined to indemnify him following an accident he was involved in, under his motor insurance policy.

What happened

Mr S was involved in a car accident in 2015. He made a claim to his insurer, and it dealt with the matter. Whilst his car was being repaired, Mr S was directed to a hire car company that supplied him with a hire car. He was involved in a collision whilst driving the hire car. He says he reported this to the hire company. His understanding is that it was being dealt with under the insurance it had arranged.

Mr S received a court judgement in 2021. This required him to pay £1,974.33 for the losses caused by the collision it said he'd caused when driving the hire car. Mr S paid this amount. But he didn't think this was fair. He says this should've been covered by Zurich as it was his insurer for the period he was driving the hire car.

In its final complaint response Zurich says Mr S didn't take out insurance cover with the hire car company. It says this meant it wasn't providing him with insurance for the hire car. Zurich says there was no record Mr S reported the accident. And it says he didn't respond to attempts it made to contact him about the claim that'd been made.

Zurich apologised for the confusion it caused when it initially referred Mr S to his insurer. It says it should have dealt with the complaint. It offered £200 compensation for the confusion caused.

Mr S didn't think he'd been treated fairly and referred the matter to our service. Our investigator upheld his complaint. He says it'd been shown that Zurich was responsible for insuring the hire car. Mr S's insurer, from the original accident, agreed to refund the costs he'd paid to the court. He says this is because Mr S had been unfairly pushed from one insurer to another, without a resolution. This matter was dealt with under a separate complaint.

Our investigator thought Zurich should pay Mr S compensation for the detriment caused when he had to find the money to pay the court judgement. This is in addition to the issues, he'd experienced when trying to pursue Zurich as the insurer responsible for indemnifying him for the hire car. He says Zurich should pay £1,000 in total, which includes the £200 it previously offered. This is as well as refunding £248.30, which is an amount Mr S paid to the hire car company. Our investigator says this isn't something Mr S should've paid.

Mr S accepted our investigator's findings. Zurich didn't. It maintains that Mr S had no insurance cover in place with it, to indemnify him when driving his hire car.

As an agreement couldn't be reached the matter has been passed to me to decide.

I issued a provisional decision in October 2023 explaining that I was intending to not uphold Mr S's complaint. Here's what I said:

provisional findings

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 my intention is to not uphold this complaint. I'm sorry to disappoint Mr S but I'll explain why I think my decision is fair.

There has been some confusion around what business acted as Mr S's insurer for the rental car he used in 2015. Mr S raised a separate complaint against the insurer who indemnified him for his initial accident. I can see this insurer agreed to pay him £1,974.33 on an ex-gratia basis to cover the court judgement. But the insurer didn't accept it was responsible for providing cover for Mr S's hire car or for indemnifying him for his accident when driving it.

Zurich maintains that it didn't enter into an agreement to insure Mr S for driving the rental car. It says it dealt with insurance for this rental company at the time. But it didn't provide cover for every rental car that was hired out. It maintains that there's no record to show it provided cover for Mr S to drive the rental car.

To understand what cover Mr S had in place I've read the rental agreement he signed when he was provided with the hire car. This indicates Mr S chose to include damage waiver and excess protection cover. Beneath this section of the agreement is a box with the title, "RENTER INSURANCE INFORMATION". Next to, "INSURER" the name of Mr S's insurer is written by hand. This is the insurance company Mr S used to cover his own car.

Zurich says that this shows Mr S had selected his existing insurer to provide cover. It says Mr S is responsible for ensuring he has appropriate cover in place for whatever vehicle he is driving. It comments that hire cars can be driven on personal insurance policies by the same extensions that cover courtesy cars, assuming permission is given by the owner.

I've not seen evidence that Zurich acted as Mr S's insurer for the period he was driving the hire car. The rental agreement indicates he intended his existing motor insurance provider to indemnify him. It may be that Mr S didn't understand what this meant. But I can't see that Zurich agreed or was asked to indemnify Mr S whilst he was driving the hire car. I think it makes a fair point that personal insurance policies that can provide cover in these circumstances. It also makes a fair point that Mr S is responsible for arranging suitable cover for the vehicle he's driving.

Mr S has provided evidence showing he made several payments to the rental car company. This occurred over several days after the rental period began. Although I have considered this evidence, it's not been shown that these payments related to insurance cover. Given the amounts involved, this seems unlikely. Based on the information available to me I can't see that these payments are Zurich's responsibility. So, I don't agree with our investigator that it should make a payment to Mr S for these amounts.

I can understand the court judgement came as a shock to Mr S. I'm sorry he was distressed and had to replace his family car with a smaller one in order to pay these costs. I think it's reasonable that Zurich offered £200 compensation for the confusion around who should be dealing with the complaint. But ultimately it's not been shown that Mr S had an insurance policy with Zurich. I don't think it's been shown that he asked it to provide cover, or that cover was expected to be provided by the rental company. The evidence shows Mr S informed the rental company he'd be using an existing policy to provide cover.

I understand cover wasn't provided under Mr S's existing policy. But this isn't something

Zurich is responsible for.

Zurich should pay the £200 compensation it offered to Mr S, if it hasn't already done so. But having considered all the evidence and circumstances of this complaint, I don't think Mr S had insurance cover with Zurich. So, I don't think it treated him unfairly and I can't reasonably ask it to do anymore.

I said I was intending to not uphold Mr S's complaint.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Neither party responded with any further comments or information for me to consider.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 December 2023.

Mike Waldron
Ombudsman