Credit hire claims

Credit hire accounts for around

£17.4m

of our annual commercial motor claims spend – arising in around

1 in 5 claims.

Effective management of these claims helps keep premiums stable for all customers.

What is credit hire?

Credit hire is a service that provides a temporary replacement vehicle to a driver following a an accident that wasn't their fault, without the driver having to pay anything from their own pocket. The vehicle is supplied by a credit hire organisation (CHO), who recover the cost from the insurer of the at-fault party. It can be one of the most expensive elements of a commercial motor claim.

Why credit hire happens

Most credit hire claims begin at first notification - when the insurer or broker for the non-fault party refers them to a credit hire organisation.

A credit hire organisation may provide a replacement vehicle to a third-party driver when:

- They need a replacement vehicle urgently
- They're unable to cover the cost of hiring a vehicle themselves
- No suitable alternative vehicle is available to them
- A specific vehicle is needed to keep their business running
- The accident was likely not their fault

For commercial customers, having a like-for-like replacement – such as a van for a van – can be essential to maintaining day-to-day operations.

Why we aim to reduce credit hire.

Credit hire is usually more expensive than standard hire, particularly for niche or specialist vehicles.

Where a third party uses a credit hire organisation to manage their hire vehicle, it can increase the complexity of a claim and may result in:

- Higher overall claims costs
- Extended hire periods
- More paperwork and administration
- Delays in settling the claim
- A greater chance of disputes

How we help reduce and manage credit hire costs:

Third-party intervention

When our customer tells us about a motor incident they are responsible for, we contact the other party as quickly as possible to offer support with repairs and a temporary replacement vehicle.

Early intervention helps reduce the likelihood of the third-party entering credit hire, keeping costs down while ensuring they still receive appropriate support.

Bilateral agreements

Bilateral agreements are arrangements between insurers designed to manage replacement vehicle hire more efficiently and reduce unnecessary costs.

This means that instead of the insurers referring non-fault claims to credit hire organisations:

- A like-for-like replacement vehicle is arranged through approved hire partners
- Hire rates are pre-agreed and capped, helping keep costs controlled and predictable
- The hire period is aligned with the repair timeframe by the respective insurers, helping ensure the vehicle is returned as soon as repairs are complete
- The likelihood of dispute or legal action is reduced
- Claims tend to progress faster, creating a simpler and more consistent experience for customers and brokers

See our separate guide for more detail on how we manage credit hire.

Credit hire protocols

Even with preventative measures such as early third-party intervention and bilateral agreements, there will be occasions where credit hire is still used.

In these situations, insurers may have agreements in place directly with credit hire organisations (CHOs) to help manage costs and reduce friction.

We have tailored protocol agreements in place with certain CHOs, which typically set clear expectations around:

- Agreed hire rates and discounts
- Notification, escalation, and billing processes
- Storage and recovery charges
- Evidence requirements and document timelines
- Ways to minimise disputes

They help ensure claims are handled in a controlled, consistent, and collaborative way – without impacting our ability to deny liability where appropriate.

Get in touch

For any questions or support, please contact your Claims Relationship Manager or your usual AXA representative.