

Credit Hire – A book by Stephen Evans PhD

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As the title suggests, this book is about credit hire. It should appeal to those employed in the sector, those engaged in litigating credit hire claims and those that are keen to understand more about the operational as opposed to the legal challenges of the industry. Hopefully, it fills a gap and shines a light on some of the mysteries of the credit hire world from the perspective of a man that has spent 40 years in the sector.

Former District Judge, Stephen Gerlis, once told the author he was the Nigel Farage of Credit Hire after he gave a spirited defence of the credit hire industry at an industry conference. Not quite sure whether that was a complement or not, Evans has now written a book which looks at the evolution of the Credit Hire industry, examines the various catalysts for growth and highlights the efforts of the insurance industry to stifle the industry and a dawning realisation that there is no better way to provide mobility to the innocent victims in a road accident.

He reviews the credit hire industry and looks at the incentives deployed to win accounts and build business. He classifies individual credit hire operators (“CHOs”) as either Primary, Secondary or Small/Niche suppliers, and argues how those classifications affect the prospects for survival and growth for CHOs in an increasingly competitive market. He also considers different approaches to marketing and identifies the opportunities in a market now worth more than £1 billion. The author takes a similar approach with the supply side of the industry, categorising credit hire referral sources into three distinct tiers, suggesting how those referral sources might enable or inhibit the prospects of individual CHOs.

Whilst the author references the impact of the more significant legal challenges to credit hire, he refers those looking for a comprehensive legal analysis to Ellis on Credit Hire. He does, however, reflect on the impact of the various market studies and investigations carried out by the Competition and Markets Authority, the House of Commons Transport Committee and the Ministry of Justice. He also considers the commercial value of the ABI GTA protocol, and the relative stability it has provided before considering the more influential role of bilateral protocols and the effect they have on improving relationships and limiting tension.

It is impossible to refer to tension without considering those solicitors that act for insurers. They have been at the heart of every challenge to credit hire since 1990, and motivated to limit the success of the credit hire industry and protect insurers from the risk of unreasonable and dishonest claims. The author also mentions credit hire fraud but focuses more on the motivation of solicitors that generate significant recurring revenue by persuading insurers that they might pay less if they argued a lot more. Accordingly, he considers the general approach of those solicitors including their collaboration through the Forum of Insurance Lawyers (FOIL).

Beyond the strategic overview of the sector that Credit Hire, the author also tracks the life of a credit hire claim. From a CHO first identifying and then contracting with a referrer, converting a referral to a claim, running a hire business and submitting and, hopefully, negotiating settlement at the right value. On that metaphorical journey, the author explores the effect of referral incentives, the need to treat customers fairly, the challenge of setting hire rates, identifying and avoiding fraud, evolving best practice in managing hire periods, the risks of getting revenue recognition wrong and how best to identify and work with solicitors and barristers to maximise the prospect of recovery. He also looks to the USA to see if there is anything we can learn from how the Tort Reform Movement has controlled the volume and cost of claims and peeks at developments in Australia where the story of credit hire in the UK is repeating itself at speed and may have negative consequences for the legal environment in the UK. And finally, Evans names some organisations that might offer value to a CHO and includes snapshots of several CHOs and legal professionals active in the credit hire market on both sides of the argument.