

Insuring a provisional driver? Pay-per-month is the best policy

A new insurance policy for learner drivers, which costs around £90 a month, may be the answer for parents who are finding that putting their 17-year-old son or daughter on their own policy can cost £3,000.

The pay-per-month policy, which goes on sale at Halfords this week, also has the advantage that it's written in the young driver's name, so it won't jeopardise the no-claims bonus of the parent if the learner crashes the car.

Over the last decade, the cost of insuring teenage drivers has shot up to the extent many parents can no longer afford to insure their offspring to allow them to practise in the family car. Quotes of thousands of pounds to put a teenager on a parent's insurance are not uncommon, and way out of the reach of most. Insurance costs for young drivers have soared so high that most are now limited to the lessons they can buy from driving schools.

However, a new insurance company with an unlikely name, Provisional Marmalade, looks to have come up with a way of covering learner drivers without breaking the bank. For the first time, it is offering them the chance to buy comprehensive insurance by the month. It has been trialling these policies since last August and this week launched it to a wider audience following a tie-up with the Halfords chain.

The insurance is bought by, and is in the name of, the provisional driver. Those taking out a policy have to give the registration number of the vehicle in which they will be practising. The car has to be in insurance group 16 or below, and be worth less than £20,000.

The supervising driver must be over 25 and have held a full UK driving licence for at least three years. They don't need to be the person who owns the car, which has to be insured in the normal way by its owner. You can buy the policy for as little as one month, to a maximum of three months, and renew as many times as you like. Policies cost between £90.95 and £99.50 per month depending on postcode. 'The cover is aimed at those who want to practise in their parents' car in the run up to taking their test, but have so far been put off by the cost,' says Provisional Marmalade's founder Nick Moger. 'The risk of having a crash while you are accompanied is not that great, which is why we have been able to bring down the cost to something that is affordable.' He says the main advantage of the policy is that it allows parents to let their children use their car without risking any no-claims bonus. Any claims caused by the provisional driver are paid separately to the main insurer of the parent.

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The product is available at the company's own website or Halfords, and has already grabbed the attention of young drivers.

Geoff Williams, who is 18 and living with his parents in Brighton, says it could be the answer to a huge problem for new drivers. 'I failed my first test and need to practise between lessons, but at the moment I can't. When my dad looked at putting me on his insurance for his Citroën Picasso he was quoted a minimum of £3,000, which was completely out of the question,' he says. 'If I was able to buy a policy by the month that would let me drive and gain some much-needed experience that would be great.' Parents should note that when the driver passes their test all cover under the policy ceases immediately, and if your child is going to continue driving your car you need to add them as a named driver to the policy. If there is an accident, or the car has a fire or is stolen while your insured learner is driving, they will have to pay the first £250 towards any claim.

If you are buying a secondhand car for a new driver - or for any other driver - make sure you are not denied your consumer rights if it goes wrong.

That was the warning from the Office of Fair Trading this week when it revealed the results of an investigation into secondhand car dealers.

Although the OFT says the legislation governing the £24bn secondhand car trade sufficient, it has a number of concerns: mainly that more needs to be done to ensure dealers are aware of the law, and consumers can access their rights. It says most faults with secondhand cars come to light in the first three months, suggesting many of these cars are not good enough. It is the dealer's responsibility to fix faults.

Despite this, nearly 30% of buyers who contacted their dealer about a problem told the OFT they had not had it rectified. These consumers typically spend £425 fixing faults that are the dealer's obligation to correct. That totals £85m a year.

The OFT has also warned dealers they can no longer hide behind the 'sold as seen' get-out. Individuals buying cars from dealers have the Sale of Goods Act on their side, yet one in 11 dealers still use illegal disclaimers to get out of fixing faults, the OFT says.

Even if a car is described as sold as seen, you can still use the act to enforce your rights.

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Heather Clayton, senior director of the OFT's consumer group, says: 'Buying a secondhand car is an expensive purchase for many people. Many dealers provide high standards of service and comply fully with the law but there continues to be high numbers of complaints to Consumer Direct which are often due to dealers' refusing to deal with legitimate complaints or provide appropriate redress. 'We are issuing OFT's guidance to the industry and expect all secondhand car dealers to be aware of their legal obligations. Along with our Trading Standards partners, we will take action against those dealers who continue to ignore the law.' The market study was prompted by consistently high numbers of consumer complaints. Last year saw a rise of 5% in complaints about secondhand car sales with nearly 72,000 consumers reporting problems to the advice service Consumer Direct, making it the most complained about sector.

If you are a regular user of car clubs, and occasional hirer of cars abroad, consider a new 'excess' insurance policy from iCarhireinsurance.com.

It is similar to a previous Guardian Money best-buy (Insurance4carhire.com) but this is cheaper and, on paper, offers better cover.

Most clubs (and car renters) will offer fully comprehensive insurance with your membership package; however, this will often come with an excess - usually £500-£1,000.

While you can pay more to reduce this to zero, buying from a third party is much cheaper - particularly for multiple renters.

iCarhireinsurance.com will sell you an annual car rental excess policy (Europe only) for £39.99.

For an extra £19.99, buyers can add cover for all car club rentals. Users of Streetcar have to pay £129 annually to bring their excess to nothing, and it doesn't cover car rentals abroad.

Insurance4carhire.com charges £49 a year for European cover. Unlike the new entrant, it doesn't cover car rentals close to home. Both companies will refund excesses paid for damage to tyres and windscreens.

Ernesto Suarez of iCarhireinsurance.com says: 'Many people find car hire insurance confusing. They end up spending a fortune at car rental desks, or find themselves with a huge excess bill at the end of their holiday after a small chip to their

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windscreen. In fact, with many policies not covering the most vulnerable parts of the car, you could easily get hit with both.' Provisional Marmalade is offering to insure teenage learner drivers for as little as £91 a month

<http://www.guardian.co.uk/money/2010/mar/20/insuring-provisional-driver-pay-per-month>