

The complaint

Mr and Mrs W have complained about U K Insurance Limited. They are not happy about the way it settled a claim against their motor insurance policy.

What happened

I considered the complaint in full and issued my provisional decision a few weeks ago. In summary I said;

Mrs W bumped into another car when she was parking her car and it was agreed that the matter would be settled privately between them. Mr and Mrs W told UKI about the incident for information purposes and arranged to repair the car privately.

But when UKI contacted the third party they asked for their car to be repaired by UKI. As Mr W wasn't happy about this he complained to UKI. It explained how it offers its service direct to the third party in circumstances like this. It does this in order to keep costs down if the other side makes a claim through their insurer. But it acknowledged that it didn't explain this to Mr and Mrs W when they called in to report the incident and offered £100 compensation for its error.

Mr and Mrs W remained unhappy about this and complained to this service. Our investigator looked into things for them but didn't uphold their complaint. She thought that UKI hadn't done anything wrong. She explained it was entitled to contact the third party directly and as they wanted to pursue a claim it acted reasonably. She agreed that UKI should've clearly explained this when Mr and Mrs W called in but thought that its offer of £100 compensation was fair.

As Mr and Mrs W didn't agree the matter has been passed to me for review.

My provisional findings

I considered all the available evidence and arguments to decide what I thought was fair and reasonable in the circumstances of this complaint. And I was minded to partly uphold the complaint. In summary I said;

I can understand how frustrating and disappointing Mr and Mrs W have found all this. As far as they were concerned they had settled things with the third party direct and so there wasn't any need to make a claim. They were simply doing the right thing in reporting the incident to their insurer.

However, as UKI explained it looks to speak with the other driver to see if they want to make a claim. It does this in order to keep the costs down as it would be more expensive if the other driver proceeded to claim through their insurer. I know Mr W doesn't feel a claim was made, as he had dealt with things privately, but the third party chose this path when UKI contacted them. So, I'm satisfied that they changed their mind which they were entitled to do. And I haven't been provided with anything to show that the third party wouldn't have tried to claim in any event or was persuaded to make a claim.

The policy explains that UKI has the right to take over the settlement of any claim and the third party made a claim when UKI spoke to them. And as the minor bump was clearly Mrs W's fault liability was always going to go against Mr and Mrs W. So, I don't think UKI acted unreasonably here.

However, UKI should've clearly explained all of this to Mr and Mrs W when they called up to notify it about the incident. This would've allowed them to manage their expectations, not spend time and money arranging the repair of the other driver's car and to clearly understand why UKI do this.

I know UKI has offered £100 compensation for the inconvenience, but I don't think that is sufficient to cover the hassle and stress that Mr and Mrs W faced. They had arranged the repair of the other driver's car and paid the garage for the repair and had to get a refund which I understand wasn't easy. And UKI didn't tell them about the fact that it was dealing with a claim. Indeed, Mr and Mrs W only found out about the claim when they contacted the third party to tell them that they had paid the garage direct for the repair. So, I think £200, as opposed to £100, compensation is a fairer reflection of the inconvenience caused.

Replies

Mr and Mrs W didn't respond to my provisional decision, while UKI said it accepted the view outlined.

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.

Having done so I'm not changing my position and I'm upholding the complaint for the reasons outlined above.

As UKI has accepted my provisional decision and Mr and Mrs W haven't responded I don't propose to rehearse the arguments again here. I've given a detailed account of the background and circumstances surrounding the complaint above. And I remain of the view that the position outlined is fair.

My final decision

It follows, for the reasons given above, that I partly uphold this complaint. I require U K Insurance Limited to pay Mr and Mrs W £200 (total) compensation. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 21 October 2020.

Colin Keegan
Ombudsman