

The complaint

Mrs C is unhappy that Allianz Insurance Plc settled a third party claim under her motor insurance policy, which she says she wasn't involved in. She says Allianz didn't originally tell her about this which led to her insuring her car with another insurer without declaring this.

What happened

Allianz received a letter in June 2018 from a third-party insurer (TPI) to notify them of a claim. They said the third party's vehicle was parked and unattended in a supermarket car park when it was hit by Mrs C. They said that a witness took the registration details and contacted the third party.

Allianz wrote to Mrs C with details of the claim and asked her to confirm whether she was involved in the incident. Mrs C responded and said she wasn't aware of the incident and that nobody had approached her at any time during the two hours she was parked. Allianz emailed Mrs C and explained they were making further enquiries to identify how Mrs C's details were obtained given that the third party's vehicle was unattended.

Having not heard anything back, and having been contacted by the police about the incident, Mrs C emailed Allianz in July to find out what was happening with their enquiries. Allianz responded and explained they were currently treating this as a misdirected claim and it seemed the witness had taken down the incorrect registration. They explained they were waiting for the TPI to provide witness details. They explained if they didn't receive these details, then they would look to carry out a physical inspection of both Mrs C's and the third party's vehicle to prove their non-involvement.

In a telephone call in July, Allianz explained to Mrs C they would arrange for an engineer to come out to inspect her vehicle. Allianz also contacted the TPI to deny involvement in the incident and to chase the witness statement. The TPI said that due to personal issues the witness hadn't yet responded but they had sent out a chaser.

Mrs C sent an email to Allianz in July about an engineer, who she said was due to attend that day, to take photographs of her car. She explained she hadn't heard from the engineer yet. The engineer didn't turn up, and then arrived a few days later when Mrs C wasn't available, so Mrs C complained about this and her emails being ignored. Allianz asked for photographs of Mrs C's vehicle to show there had been no damage. They explained this would help them in the dispute with the TPI. Mrs C sent an email to Allianz with photographs of her car.

A series of emails show that enquiries were made internally at Allianz to identify whether the photographs provided by Mrs C would be enough for the engineer to verify that the damage to the third party vehicle wasn't caused by Mrs C's vehicle. The engineer said "*...without image with height markers and from me it would not stand up in court...*" and that he would

need to see the vehicle to protect Mrs C and Allianz. He did offer to inspect it the following day if it helped.

Claim notes provided by Allianz show a record in August which notes they tried to re-arrange an inspection. The note says that Mrs C was very cross and said there was no damage to her vehicle and didn't want the engineer to come back. The note says that the call handler tried to explain it was to confirm no damage to her vehicle but Mrs C wanted the call handler to get off the phone. The inspection was then closed.

Mrs C raised a complaint about the service she had received and Allianz responded in September. They explained that the TPI had told them that the third party's vehicle was unattended so they would need to submit a witness statement. They explained they hadn't yet received this. They explained to Mrs C they would continue to liaise with the TPI in order to close the claim and should any new information come to light they would contact her. They also explained that the confusion that arose over sending out one of their engineer's to inspect Mrs C's vehicle was overcome by her sending photographs.

The claim notes also show that Allianz had received the witness evidence and carried out a review in November. The note said that, as Mrs C's vehicle had also not been inspected, Allianz would have to deal with the claim on a without prejudice basis as the TPI had a supporting witness statement. Allianz then told the TPI they would deal with the claim. The witness statement held Mrs C at fault and set out why the witness believed this to be the case, it also identified her vehicle registration. The witness also described the incident as having occurred at 11.00am.

There was further communication between Allianz and the TPI in early 2019, this included a letter from the TPI to Allianz in April 2019 confirming they had repaired the third party's vehicle and details of the cost. The claim notes show that an invoice was received from the TPI in August with payment made the following day.

Following this, Allianz wrote to Mrs C and explained they had settled the third-party claim with a payment being made. Mrs C responded and said she had provided Allianz with photographs showing no damage to her vehicle and also pointed out that Allianz had told her that a witness hadn't come forward. She complained she hadn't heard anything back and now received a letter saying they had settled the claim. She also complained that the lack of information meant she wasn't able to defend the claim.

Allianz wrote to Mrs C and explained they had upheld her complaint about lack of communication. They accepted that, having told Mrs C that they would close the claim if they didn't hear back from the third party after six months, they didn't tell her that they would have to reopen the claim if the third party did later contact them within the limitation period. They explained that the third party did contact them and provided an independent witness statement. They explained they took the decision that, as they didn't have any evidence, they would deal with the claim but they accepted they didn't tell Mrs C about this. They paid Mrs C £250 compensation.

Mrs C responded and said she had told Allianz she didn't have any damage to her vehicle. She wanted to know whether Allianz had treated the claim as fault or non-fault and also complained that, having told her current insurers about this, her premium on two cars had now increased by £392. Mrs C sent a further email setting out a list of questions about the claim.

Allianz provided a final response to the complaint and offered a further £100 compensation. They agreed they hadn't kept Mrs C informed about what was happening and hadn't explained why the decision on responsibility had been made. They explained that, following receipt of the independent witness statement, they took the decision to settle the claim.

They explained they had concluded that the evidence didn't support a strong defence to the claim. They set out the factors they had taken into account when reaching this conclusion, this included, no dashcam footage or tracker information, the independent witness statement placing Mrs C at the scene of the incident and Mrs C confirming to them that she was within the vicinity of the incident location on the day in question. The other factor they noted was that they were unable to inspect Mrs C's vehicle to provide a report to the TPI. They felt any attempt to dispute involvement wouldn't have been successful. They also explained that as they have settled the claim, it will be recorded as a fault accident.

Because Mrs C remained unhappy, the matter was referred to this service for an independent review. Allianz told us that Mrs C's complaint about liability wasn't upheld because they felt the claim had been settled on the best possible terms and couldn't dispute liability without any further evidence to support Mrs C's position. They explained they had sought a second opinion from their panel solicitor who agreed they wouldn't be successful in defending a claim at court. They explained the £350 compensation was for the failure to notify Mrs C they had settled the claim and the inconvenience she went through having renewed her insurance without knowing they had accepted liability.

Our investigator didn't uphold the complaint about Allianz accepting liability for the claim and felt that the £350 compensation paid to Mrs C for the communication issues was fair. Mrs C disagreed with the view and provided evidence which she says was sent to Allianz and shows she was at an appointment at 10.45am so she couldn't have been involved in a collision which the witness claimed happened at 11.00am. The matter has therefore come to me for a decision.

After considering all of the evidence, I issued a provisional decision on this complaint to Mrs C and Allianz on 24 September 2020. In my provisional decision I said as follows:

"I've seen Mrs C's policy document which says she is covered for damage to a third-party vehicle and also allows Allianz to settle a claim in Mrs C's name. Looking at the policy and its terms, I don't think it was unreasonable for Allianz to make a decision as the policy allows them to take such steps. That said, the reason why they settled it was because they felt there wasn't a strong defence to the claim. So, I will now consider whether Allianz acted fairly and reasonably in taking this view.

Despite the TPI holding Mrs C responsible, she told Allianz that she wasn't involved. Situations like this do arise so it's important for any insurer, when faced with this, to carry out detailed investigations to find out what happened and look for any independent evidence when forming a view. The witness statement does provide independent evidence which supports the TPI's claim. I don't feel it was therefore unreasonable for Allianz to take this into consideration when forming their view on responsibility.

Mrs C has provided evidence of where she was around the time of the alleged incident. But my role isn't to determine liability, it is to consider whether Allianz have acted fairly and reasonably when carrying out their assessment. I can't see that Allianz took forward this evidence by raising it with the TPI but the timing given by the witness as 11.00am and that shown by Mrs C's evidence is very close so I don't feel there was enough doubt created here to challenge the TPI's witness statement and I don't think it would have changed the outcome on Allianz's view on responsibility.

There is however a separate issue here. In their final response, and in support of their decision to settle the claim, Allianz pointed out they were unable to inspect Mrs C's vehicle. The entry in November 2018 in their claim notes also suggests that the

absence of a vehicle inspection was taken into consideration when deciding to settle the claim with the TPI. This information shows that Allianz clearly felt this was important so I think they should've done more to ensure an inspection was carried out. There was a problem with the original appointment and, while Allianz's notes suggest that Mrs C didn't want to rearrange the appointment, Allianz were better placed to know the consequences of not having this particularly when they know the TPI has an independent witness.

In my view, there should've been more effort made to secure an engineer's report. Allianz could have written to Mrs C and explained why it's so important and what the likely outcome would be if they do receive the witness evidence without having an engineer's inspection report to try and challenge this. This would've given Mrs C more information to make an informed decision. I don't feel one telephone conversation by Allianz to attempt to rearrange an inspection was enough knowing they are facing an opposing party who has an independent witness. So, Allianz should've ensured they had as much relevant information as possible to strengthen Mrs C's case. That hasn't happened here.

I do therefore uphold the complaint that Allianz's investigation into the claim wasn't as thorough as it could have been. And therefore I think it's this that has led to Mrs C concerns that the investigation into the alleged loss arrived at an incorrect outcome. I can't comment, nor be sure, what findings would've been made by the engineer and what impact this would've had on the outcome of the claim. It may have not made a difference to the overall outcome of the claim. But, it was at least a possibility I think should have been explored further.

The passage of time which has lapsed since the alleged incident would've made it difficult to carry out an inspection now but, in any event, Mrs C has told us that her vehicle was written off in a separate incident so it can't be inspected now. It's clear however, from the internal emails at Allianz, that the engineer felt they could add value to the claim if the inspection showed no damage to Mrs C's vehicle.

Given that I can't be sure what the outcome would've been with an engineer's report, it follows that I don't intend on requiring Allianz to treat the claim as non-fault. It is for this reason also that I don't intend on directing Allianz to be responsible for any higher premium payments Mrs C says she is faced with given that this was treated as a fault claim. I also can't ignore the fact that the TPI had an independent witness which was always going to work against Mrs C's case.

I do feel though that the uncertainty created by the lack of information gathered by Allianz will be a concern for Mrs C given that she has maintained throughout that she wasn't involved in the alleged incident. So, I intend on deciding that it would be reasonable for Allianz to pay compensation of £100 to Mrs C. I'm satisfied this amount is reflective of the level of trouble and upset caused to Mrs C. I think it fairly recognises the upset Mrs C experienced in not having her vehicle inspected and then later finding out this was an option which wasn't explored even though there might've been some benefit from it.

In relation to the communication issues, I agree with Allianz's view that they have let Mrs C down. This in turn has caused shock when she was told the claim had been settled and also the worry and upset caused because she was left in a position where she hadn't told her new insurers. I feel the payment of £350 already made by Allianz is fair and reasonable for this element of the complaint, because I think this

fairly recognises the trouble and upset caused to Mrs C by these poor communication issues

On a separate point, I can see that Mrs C has been chasing Allianz for some time now asking for confirmation on fault, category, time and date which she says she needs to provide to her insurer. She has made repeated requests for confirmation of this. Mrs C says that she is due to receive a refund from her current insurer once she has received this information. I think it's important for me to clarify for Mrs C that the claim will either be detailed as fault or non-fault, but there won't be an offence attached to it. Insurers only look at their outlay in respect of the claim, and whether they were able to recover this. So, they'll record whether the claim was fault/non fault, the cost of the claim, and potentially a date. I can see no reason why Allianz shouldn't provide this information."

So, subject to any further comments from Mrs C or Allianz, my provisional decision was that I was minded to partially uphold this complaint.

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've decided to partially uphold the complaint for the reasons set out in my provisional decision and copied above.

Allianz have responded to say they agree with the provisional decision. Mrs C has made further points relating to her complaint. In particular, she's raised points about the witness statement. I've given careful consideration to all of the submissions made before arriving at my decision. I feel the submissions which are materially relevant to this complaint have been addressed in my provisional decision.

Putting things right

I've taken the view that Allianz didn't gather all relevant information when forming their view on responsibility and settling the claim.

So, Allianz should pay compensation of £100 to reflect the upset and worry to Mrs C of knowing that there was a further defence that could've been put forward if the inspection proved that her vehicle wasn't damaged. Mrs C has always strongly maintained she wasn't involved so I believe it is upsetting for her to know there is more that could've been done by Allianz.

Allianz should also let Mrs C know what has been recorded in relation to the incident.

My final decision

My final decision is that I partially uphold the complaint. Allianz Insurance Plc must:

- Pay compensation to Mrs C in the sum of £100 for the trouble and upset caused;

- Pay £350 compensation to Mrs C for the poor communication issues, if it hasn't already been paid; and
- Write to Mrs C and let her know what is recorded in relation to the incident.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 7 December 2020.

Paviter Dhaddy
Ombudsman