

The complaint

Mr P complains that Advantage Insurance Company Limited (t/a Hastings Direct) (Advantage) settled a third party claim after an accident. He argues there was no damage to the third-party vehicle and Advantage's investigation was not sufficient.

What happened

Mrs P (who is named on the policy) collided with another vehicle while driving. Mrs P said she had tried to get into the inside lane and clipped the wing mirror of the car that was on the inside lane. After stopping she said she saw that there was no damage to the car she was driving or the wing mirror of the third-party car. She did notice however that the wing mirror on the third-party car had folded back. The third party said there was damage to the side of the car and it had been caused by Mrs P. Mr and Mrs P accepted Mrs P was at fault, but they disputed the damage the third party had highlighted and so said Advantage shouldn't have paid the claim. They said the damage on the third-party car had a different colour paint on it. Also, their car had no damage so it would be impossible for it to have caused damage to another car without their car being damaged.

An investigator at our service considered all the evidence and said she thought Advantage acted fairly in investigating and settling the third-party claim. Mr P didn't agree- he said he understood by notifying Advantage of a claim that his future premiums would likely increase, but he didn't think any damage was caused to the third-party vehicle and so the value of the claim ought to be nil. As Mr P didn't agree the decision has come to me.

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 won't be upholding it.

This service doesn't decide who's at fault for an incident. That's the role of the courts. Instead, we look at whether the insurer acted in line with the policy terms and made a fair and reasonable decision. Under Mr P's policy Advantage has the right to defend or settle any claim on his behalf. That means it might make a decision Mr P disagrees with but the policy allows it to do so. I can consider whether its decision to do so was reasonable.

It's not unreasonable for an insurer to step in and settle a claim. Insurers usually do this to save costs involved in the case going to court. For me to conclude Advantage acted unreasonably in settling the third-party claim, I'd need to be satisfied its decision was most likely unfair or unreasonable. By this I mean I'd need to be satisfied Advantage settled a claim that could probably have been successfully defended (likely in court), or that it paid more than would have been due if the case had gone to court.

The third party said Mrs P was at fault for the damage to their vehicle. Mrs P says she was not. I accept both accounts are possible. But Advantage paid the claim because Mrs P had already accepted liability for the accident, an engineer had considered the damage and Advantage didn't have strong evidence to suggest it was pre-existing. Having considered all of the evidence Advantage had available to it, I think it made a reasonable decision. It's acted in line with the policy terms and I think it's done this in a fair and reasonable way. So, I'm not going to ask it to do anything differently.

I appreciate Mr P feels Advantage didn't carry out an adequate investigation into the third-party claim. Mr P thinks it ought to have inspected Mr P's car to see there was no damage to it and that the paint on his car was a different colour than that on the third-party vehicle. Rather than visiting the vehicle, Advantage relied on a picture of Mr P's car that he provided. I can't see Advantage disputed these two facts- that there was no damage to Mr P's car or the colour of his car. So, I don't think it would have made a difference whether it visited or not. I think its decision to settle the claim on the existing information was reasonable. So, I'm not going to require it to do more investigation.

So, I think Advantage's decision to pay the third party's claim was reasonable. And I don't think Advantage unfairly prejudiced Mr P's position.

My final decision

For the reasons set out above, I've decided not to uphold Mr P's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 November 2021.

Kinjal Vadgama
Ombudsman