

The complaint

Mr K complains that U K Insurance Limited ('UKI') provided poor service after he made a claim on his motor insurance policy. Mr K is represented by Mr K2.

What happened

Mr K2 told us that a claim Mr K made in 2019 (after an accident which he believes wasn't his fault) is still open. He said UKI hadn't contacted witnesses or obtained a police report, which had delayed the claim's closure. He said the open claim has had an impact on Mr K's premiums for the last two years. And he said although Mr K had complained to UKI about that at renewal in 2020, he'd been unable to get through to it to discuss the issue since then.

UKI said there was no record of Mr K trying to contact it after it issued a final response letter to him in September 2020. It said it was now too late for him to refer a complaint about the issue to us. But UKI accepted that there had been some delay in progressing the claim. It issued a final response letter to Mr K about that in October 2021 with £100 compensation.

As Mr K remained unhappy, one of our investigators assessed his concerns. She said she couldn't deal with the complaint Mr K made in 2020, as more than six months had elapsed after UKI issued its final response letter when he contacted us. She said that (without evidence of exceptional circumstances that had prevented Mr K from contacting us sooner) the 2020 complaint was time-barred.

The investigator noted that UKI *had* obtained a police report, but there were no details of a witness in it. She also noted that Mr K had made UKI's agent aware of another witness (his passenger) in March 2020, so she thought it should have contacted her. As a result of that failure, she said UKI should allow Mr K's no claims discount ('NCD'). She thought the £100 compensation UKI had offered Mr K previously was reasonable.

UKI accepted the investigator's proposal. Mr K said he didn't follow why his initial complaint was time-barred. He said he was expecting more than £100 compensation from UKI. He wanted to know what refund he'd get when his NCD was allowed – plus confirmation of the further refund should liability be established in his favour. UKI agreed to check what the NCD refund would be, but it hasn't done so. And it said it doesn't discuss potential refunds on non-fault claims until liability is established and it has made a full recovery of its outlay.

As Mr K remained unhappy, the complaint was passed to me for review.

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.

Under the Financial Conduct Authority's complaints' resolution rules, a consumer must contact us within six months of *receiving a final response letter* from an insurer if the consumer wants us to review their complaint. We can review the complaint if the insurer doesn't object to the consumer raising the complaint with us outside the set time-limit. But that doesn't apply here. Otherwise, a consumer must show that exceptional circumstances prevented them from contacting us. The investigator asked Mr K about that, and it seems there weren't any. So we can't look at the 2020 issue set out in his complaint.

Claims in which liability for an accident is disputed can often drag on for many months. UKI isn't in control of the other insurer's response times, or for the way it deals with a claim. But I can understand why Mr K is frustrated by the claim remaining open for so long. He thought the matter was an 'open and shut' case, especially given the unknown witness mentioned to him by the police. So I think it's clear why he thought UKI must have failed to contact them.

In fact, UKI obtained the police report in a reasonable time. Unfortunately, it's basic, with few details recorded - and there's no reference to a witness. The police officer told UKI he couldn't recall one. That's unfortunate, as I think evidence from a witness who knew neither of the parties could have made a significant difference to the claim and to the timeline.

Mr K didn't tell UKI initially that he had a passenger in the car. When that emerged later on, I'd have expected it to contact her. UKI hasn't explained why it didn't do so. It's possible the witness's account may have made a difference. But the other driver also had a passenger in his car, so the testimony of the passengers may well have cancelled each other out.

Mr K is disappointed with UKI's lack of contact with him. He says he tried to chase it but couldn't get through. But UKI has no record of telephone or email contact from him or from Mr K2. And Mr K and Mr K2 haven't provided any record of attempted contact with UKI.

When Mr K2 contacted us, he said Mr K's main concern was the rise in his premium. UKI has assured Mr K that if liability is decided in his favour, his premium will be adjusted. That's standard industry practice - and if it doesn't happen, Mr K will be able to complain to UKI (and later on, to us). In 2021, Mr K didn't renew the policy with UKI. But the open claim means he'd have paid more for cover elsewhere. So that premium should also be adjusted.

Mr K says a court hearing will take place in August 2022, which shows that it hasn't been possible for UKI and the other insurer to settle the claim. Both insurers would have wanted to do that - to avoid the cost of court proceedings. I think the failure to reach an agreement largely explains why the matter has dragged on for so long. Hopefully, Mr K will be found not to have been at fault for the accident, in which case he'll get refunds from his insurers.

In the meantime, I think it was reasonable for UKI to pay Mr K £100 compensation. The claim was strongly disputed from the start by the other insurer. So unless UKI was prepared to accept liability, the process was always going to take much longer to resolve than a claim where a settlement was possible. But UKI should have ensured that there were no *avoidable* delays. UKI has also agreed to allow Mr K's NCD, as it accepts that it should have contacted his passenger. Although it hasn't said what difference that will make, if the full NCD Mr K has earned remains intact, it will have a positive financial effect on his premiums.

It must be galling for Mr K to have had to pay more for his insurance when he's sure he wasn't responsible for the 2019 accident, but that often happens. UKI has accepted his account of events and is contesting liability. But I think it would be fair and reasonable to uphold his complaint in part. UKI has already sent Mr K a cheque for £100 (which it will have to reissue if it wasn't cashed) and it should now also allow his NCD.

My final decision

My final decision is that I uphold this complaint in part. I require U K Insurance Limited to allow Mr K's NCD (as it has already agreed to do).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 3 June 2022.

Susan Ewins

Ombudsman