

The complaint

Mr U has complained that Admiral Insurance Company Limited settled two claims against him from third parties under his motor insurance policy without properly investigating them and after he'd said he was not involved.

What happened

Admiral received a claim against Mr U in 2017 from a solicitor representing a third party. The solicitor said Mr U's car had gone into the back of the third party's vehicle. Admiral contacted Mr U and told him about the accident the third party's solicitor had alleged he was involved in. Mr U telephoned Admiral and said he wasn't involved. Admiral denied liability on behalf of Mr U and the claim was closed. In 2019 a new solicitor submitted two personal injury claims – one for the driver of the third party vehicle and one for the passenger. Admiral appointed a solicitor and the third parties' solicitor issued proceedings. These were stayed by the court, but Admiral eventually agreed to settle the claims. This was on the basis that the third parties had provided Mr U's car registration number, the make and model of his car, his mobile phone number and his name. Admiral thought that, despite Mr U's assertion he was not involved, it wouldn't be able to successfully defend the claims.

Mr U complained, but Admiral wouldn't alter their stance. So Mr U complained to us. One of our investigators considered the complaint and said that she thought Admiral hadn't investigated the third party claims properly. She suggested Admiral should obtain a legal opinion on the likelihood of defending the third party claims, as well as reinstating Mr U's no claim discount (NCD) and paying him compensation. The investigator corresponded with Admiral about this on several occasions and recently suggested more compensation. Admiral wouldn't agree to the investigator's suggestion and maintained they were entitled to settle the third party claims.

Because Admiral didn't agree with our investigator, I reviewed the complaint. I eventually explained why I agreed with the investigator that Admiral should have done more to investigate the third party claims, by pushing for details of the damage to the third party vehicle and images if these were available. I suggested if this evidence wasn't provided by the third parties' solicitor, Admiral may have been able to successfully defend the claims. I felt the fact they'd not done this had prejudiced Mr U's position, as he'd most likely paid more in premiums since losing his NCD. I also thought he'd suffered some distress and inconvenience. I suggested Admiral pay him £300 to reflect this, mark the third party claims as bonus allowed (non-fault) and retrospectively reinstate Mr U's NCD. I then - slightly later – suggested the compensation should be £500.

Admiral have responded to say they will pay Mr U £300 in compensation and reinstate his NCD.

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.

It's quite hard to build a clear picture of the timeline for the handling of the claims against Mr U from Admiral's file. This is because of the way the actions that have been taken have been recorded. However, I can see Mr U asked Admiral if they had images of the damage to the third party vehicle. Admiral said they did not and pointed out that not everyone involved in an accident takes photographs. But I think Admiral should have done more in this regard. If the third parties suffered significant injury and trauma, as suggested, then there was likely to be damage to the third party vehicle. And the third parties' solicitor should have been able to provide evidence of this. But, as far as I can see, Admiral never pushed for this and simply decided to settle because they had medical evidence and because the third parties had provided a fair amount of detail on Mr U and his car. However, the third parties could have had this information for other reasons, bearing in mind the alleged accident took place near to where Mr U worked. So, I think that Admiral should have pushed for further evidence on the damage to the third party vehicle.

I think if Admiral had done more to look into Mr U's point that he wasn't involved, such as insisting on images of the third party vehicle damage or other evidence of this, then they may have been able to successfully defend the claims in court. Although, I appreciate there was a risk Admiral could have incurred additional costs if they tried to do so and weren't successful. Admiral did, of course, have the right to settle claims against Mr U as they felt appropriate under the terms of his policy. However, they also had a duty to treat him fairly as one of their customers. And I think this included properly investigating claims against him and defending them if they had a reasonable prospect of success. And, whilst I appreciate Admiral doesn't agree, I do think the lack of evidence of damage to the third party vehicle meant they did have a reasonable prospect of successfully defending the claims against Mr U. He will now never know what the outcome would have been if Admiral had tried to defend the claims, because they denied him the opportunity to find out. So, I think Mr U should get the benefit of the doubt and the claims should be treated as non-fault and he should be compensated for the fact that they were settled when really they should have been defended.

Putting things right

In summary, I think Admiral should have done more to investigate and defend the claims against Mr U and that they've most likely prejudiced his position as a result of not doing so. And caused him unnecessary distress and inconvenience. It's difficult to quantify what Mr N has lost financially, but – on reflection - I think an overall compensation payment of £300 for the distress and inconvenience Mr U experienced is fair and reasonable. I say this, as it is difficult to know for sure what the impact on his premiums has been, bearing in mind until the claims under his policy with Admiral had been successfully defended, they would have been marked as fault claims. And – bearing in mind - Mr U had an accident in July 2017 where his car was written off, which it seems would also have affected his NCD.

I also think Admiral should mark the claims against Mr U as bonus allowed (non-fault) on their records and on the Claims and Underwriting Exchange (CUE), which is a database insurers use for recording claims and underwriting information. Admiral should also retrospectively reinstate Mr U's NCD to the level it would have been with a non-fault claim at the point his policy with them expired and provide him with proof of this. This can be done by letter or email if needed.

My final decision

For the reasons set out above, I uphold Mr U's complaint and order Admiral Insurance Company Limited to do what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or

reject my decision before 28 April 2022.

Robert Short
Ombudsman