

The complaint

Mr B has complained about his car insurer U K Insurance Limited (UKI) as he believes it didn't handle his claim well when he was involved in an accident with another driver (third-party, TP). He thinks it caused delays which affected his premium when he was looking for new cover at renewal in August 2020.

What happened

Mr B was involved in an accident in November 2019. He made a claim to UKI and said the TP had driven into him. UKI spoke to the insurer for the TP (TPI). The TPI said Mr B had reversed into the TP. UKI said it would look to settle, without prejudice, on a 50/50 split liability basis. It also sent a witness statement to the TPI which supported Mr B's version of events. Mr B knew the witness prior to the accident. The TPI didn't respond on these points though and issued court proceedings. But later these were discontinued. Following that, in June 2021 UKI sought recovery of its outlay from the TPI and told Mr B that, whatever happened with its outlay, it would be reinstating his no claims bonus. Recovery was secured in July 2021 and the claim was closed.

Mr B was unhappy. He felt the issue should have been handled more quickly, and if it had, his premium in 2020 wouldn't have been affected. As it was at renewal, when he placed cover with another insurer, his premium went up by about £1,000. UKI felt it could have done some things better, it offered £75 compensation for upset caused. Mr B remained unhappy and complained to us.

When UKI responded to our investigator's enquiries, it said it wanted to offer Mr B a total of £150 compensation. The offer was put to Mr B, but he maintained that he wanted £1,000.

Our investigator considered what had gone on. She felt UKI had caused some delays and confusion at times. But she felt it was mostly the TPI that had caused delays. She felt the £150 offered by UKI was fair and reasonable in the circumstances. Mr B asked for an ombudsman's consideration.

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.

I appreciate that this has been a frustrating time for Mr B. But, like our investigator, I'm not persuaded that UKI did anything wrong that caused the claim to still be open at the point Mr B was looking for further cover in 2020. And I think that, for the delays and upset it did cause, £150 is fair and reasonable compensation.

The accident occurred in November 2019 and UKI, at that time, accepted Mr B's version of events – that the TP had driven into him. It was 29 January 2020 when the TPI responded to UKI's enquiries, and it disputed Mr B's version of events. UKI couldn't have done anything to make it reply any sooner. But after this UKI did cause a delay as it overlooked the contact and the claim didn't progress further for about six-weeks.

And it was in March 2020 that Mr B told UKI about the witness. And UKI dismissed the evidence as not relevant because the witness was known to Mr B, so UKI didn't consider the witness to be independent. It shouldn't have done that. It is often the case that statements from non-independent witnesses will not influence the claim very much. But UKI accepted later both that it should have gathered this evidence, and that, having done so, it was ultimately likely this that later caused the TPI to discontinue the court action.

However, an assessment of UKI's claim file shows that the TPI was very lax in responding to UKI. I think the TPI caused delays between March and August 2020. And whilst UKI finally sent it the witness statement to the TPI in November 2020, the TPI didn't reply, and, instead, issued court proceedings. These were then discontinued by the TPI, without explanation or any admission of liability, in June 2021. That alone was a delay of seven months.

I think UKI should have avoided delaying claim, by six-weeks in early 2020. It should only have taken a couple of weeks to progress it. And it would then, I think, have been notified of the witness that little bit earlier too. If it had then followed up on that evidence rather than dismissing it, I think the statement could have been obtained and sent to the TPI in March 2020. But I've explained above that the TPI, once it did receive the witness statement, still continued to hold Mr B liable for a further seven months. Applying that period to the timeframe I think would have happened if UKI had progressed things reasonably, it would have been October 2020 before the TPI ended its dispute of the liability issue. So for Mr B that means that the claim being open and in dispute at the point he was looking for new cover in August 2020 was not caused by failures of UKI.

That said, it is clear to me that UKI did cause some delays. I also see that Mr B received some poor communication at times. And UKI itself in its final response letter notes that its claims team overlooked an internal direction to honour Mr B's no claims bonus regardless of whether or not it was successful in recovering its outlay. That direction was given in June 2021 and corrected by UKI within just a few days – the final response letter confirming that was dated 2 July 2021. For the upset I'm satisfied Mr B was caused by UKI's failures, I'm satisfied that £150 is fair and reasonable compensation. So I'll award this.

Putting things right

I require UKI to pay Mr B £150 compensation.

My final decision

I require U K Insurance Limited to provide the redress set out above at "*putting things right*".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 May 2022.

Fiona Robinson

Ombudsman