

The complaint

Mrs I complains about the way Advantage Insurance Company Limited (Advantage) handled a claim on her car insurance policy.

What happened

In March 2020, Mrs I had an accident in her car involving a third-party driver. Mrs I notified Advantage of the accident and it accepted her claim. Advantage said Mrs I's car was a write-off and made her a settlement within a month of the accident.

In April and May 2020, Mrs I contacted Advantage to find out what was happening about liability for the accident, which she said wasn't her fault. In May 2020, Advantage told Mrs I a claims handler would be in touch. For some months, Mrs I says she heard nothing from Advantage but assumed it was dealing with things.

Then in August 2020, Mrs I found out her husband's car insurance premium had increased because she (as a named driver on his policy) had a "fault" claim noted against her. When Mrs I queried this with a solicitor, she was told this was standard practice when liability for a claim hadn't been settled.

So, over the months leading up to March 2021, Mrs I contacted Advantage a number of times for updates on whether liability had been settled. Then, at the end of March 2021, Mrs I was sent a county court claim form from the third party's insurer, who was seeking to recover its costs from the accident. Mrs I contacted Advantage, sent it the claim form and says she was told it was being sorted. But at the beginning of May, Mrs I was sent a county court judgment (CCJ). The judgment said this was because she hadn't responded to the claim form. She sent the CCJ to Advantage, who then instructed solicitors to have it revoked.

Mrs I says she's had the "*worst time*" of her life because of Advantage's handling of her claim. Mrs I has also said she wants the accident recorded as not being her fault and her credit rating restored.

In September 2021, after Mrs I had brought her complaint to us, Advantage wrote to her explaining the solicitors it thought had been instructed to defend the third party's claim against Mrs I had in fact only been instructed in relation to her uninsured losses. It says this is why the matter escalated to a CCJ without its knowledge. Advantage told Mrs I it had instructed another firm of solicitors to get the CCJ revoked and to defend the third-party claim. Advantage has since told us "*this was an error of handling on our part and caused undue distress and inconvenience to Mrs I*". And I understand Advantage has sent Mrs I a cheque for £250 in compensation for this.

The investigator who looked at Mrs I's complaint upheld it. She didn't think the compensation Advantage had offered Mrs I was fair in the circumstances and should be increased to £750 in total. In brief, she thought Advantage's error had caused a significant delay in settling the claim and had had a major impact on Mrs I's wellbeing.

Mrs I has accepted our investigator's findings. Advantage hasn't and thinks its original offer of £250 is reasonable. Advantage accepts that having a CCJ imposed would be distressing for Mrs I. But Advantage also says it hasn't had any evidence of a financial impact on Mrs I, such as credit declined.

So Mrs I's complaint has come to me to decide.

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 uphold Mrs I's complaint. As I'll explain, I think it's fair and reasonable to direct Advantage to pay Mrs I £750 in total in compensation for the distress and inconvenience its mistakes in handling the claim have caused her.

Mrs I has described the experience she's had with Advantage following the claim as follows:

"I have had the absolute worst time of my life over the last few months, I have been unable to sleep, I have been in a constant state of panic, and I have not stopped crying. I haven't been able to think of anything else... I have never, ever missed any bill payments, never been refused for credit and my credit rating has always been excellent. I now have a CCJ against me and my credit rating is in tatters..."

I understand the CCJ against Mrs I has now been revoked, so her credit rating will have been restored. And I understand Advantage instructed solicitors to deal with this quickly once Mrs I told it about the CCJ. But these things don't detract from what was clearly a very upsetting experience for Mrs I.

It took more than a year for Advantage to realise it had made a mistake in the way it instructed its solicitors to deal with the claim – a mistake it has rightly accepted. And, in that time, Mrs I had been in touch with Advantage on a number of occasions, seeking updates (and seemingly not getting them) on how the issue of liability was being dealt with. Mrs I has told us of the frustration Advantage's poor communications has caused her, saying: *"I have not EVER, throughout all this saga, had ANY communication from [Advantage] that was not instigated by me"*.

In the early days of the claim, Advantage was undoubtedly adapting to new ways of working while the UK was in a Covid-19 lockdown. While this may account for some of the delays in dealing with Mrs I's initial requests for updates, I think the rest flows from Advantage not instructing its solicitors correctly at the outset in relation to defending the third party's claim.

Clearly, the most distressing element of Mrs I's experience, though, dates from her receipt of the county court claim form. Being sent court papers will have been disturbing enough for Mrs I. But, from what Mrs I says, when she contacted Advantage's legal department about it, the call handler *"seemed uninterested"*. I think this will only have added to Mrs I's feelings of distress – indeed she describes being *"failed over and over and when I did manage to contact them, they seemed very unapologetic for their lack of support and made me feel like I was worthless."*

Following receipt of the claim form, Mrs I says she spent time scanning the papers across to Advantage and called at least twice more to make sure the matter was being dealt with, which it seems she was assured it would be. So for Mrs I then to be sent a CCJ a couple of weeks later – and on the basis that she hadn't responded to the claim form, when she'd gone to the trouble of doing everything she could to ensure it was dealt with – must've been

very upsetting for her. And the consequences of having a CCJ against her must also have been deeply troubling for Mrs I, especially given what she's told us of her credit history.

It's clear to me that Advantage's mistakes and poor communication have caused Mrs I substantial distress, upset and worry – as well as some inconvenience. The situation went on for over a year. And, despite Mrs I's best efforts, it culminated in her having a CCJ against her – something that clearly had a substantial (if reasonably short-term) impact on Mrs I. None of this would've happened had Advantage handled the claim properly at the outset. Advantage has said it has no evidence the CCJ had a financial impact on Mrs I. Neither do I. But that doesn't change my view that, in the circumstances of this complaint and for the reasons I've given, it's fair and reasonable to direct Advantage to pay Mrs I £750 in total in compensation (that is, including the £250 Advantage has already offered Mrs I) for the distress and inconvenience its handling of the claim has caused her.

When Mrs I first complained to us, she said she wanted the claim to be recorded as "no fault" and for her credit rating to be restored. I understand the issue of liability has now been dealt with by the courts. And I believe the revocation of the CCJ means Mrs I's credit rating will now have been restored.

My final decision

For the reasons I've given, I uphold Mrs I's complaint and direct Advantage Insurance Company Limited to pay Mrs I £750 in total for the distress and inconvenience its handling of the claim has caused her. I understand Advantage has already sent Mrs I a cheque for £250. If this has been cashed by Mrs I, Advantage can deduct £250 from the overall compensation of £750.

Advantage Insurance Company Limited should pay the compensation within 28 days of the date we tell it Mrs I accepts my final decision. If it doesn't, I direct Advantage Insurance Company Limited to pay Mrs I interest at the rate of 8% simple per year from the date of my final decision to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I to accept or reject my decision before 30 August 2022.

Jane Gallacher
Ombudsman