

The complaint

Mr T complained that Skyfire Insurance Company Limited unfairly settled another driver's claim against his motor insurance policy

What happened

Mr T was involved in an accident and said that the other driver was to blame. But the other driver said it was Mr T's fault.

Mr T was unhappy that Skyfire settled the claim with him at fault. He also complained that Skyfire took too long to repair his car and didn't communicate with him, and he wasn't happy with the courtesy car.

The investigator didn't recommend that his complaint should be upheld. He thought that Skyfire had decided liability fairly and in line with their terms and conditions. But he thought that they should offer Mr T £250 in compensation for the service issues. Mr T accepted the compensation for those, but he still disagreed on liability. So the case has been passed 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.

.As the investigator explained, we don't decide which party is liable for causing an incident. That's because that is a matter for the courts. But we do consider whether a business has acted in line with their policy terms, and whether they reached their decision in a fair and reasonable way. In this case, I've checked that Mr T's policy does give Skyfire discretion to decide liability and take over and deal with the defence and settlement of any claim. This means that Skyfire can decide to settle whether Mr T likes it or not.

Mr T said that he was in the correct lane when the third-party driver hit his car, but the third party said that Mr T had moved into the third party's lane without indicating.

I've seen Skyfire's file and it's clear that they did investigate and consider Mr T's account of events as well as that of the third party. They looked at Mr T's statement, sketch of the accident and location and photos of the accident's aftermath. They also looked at both cars' direction of travel, and the road layout, and considered where Mr T's car was damaged. Skyfire said they could not be confident that they could successfully defend the case in court if the third-party insurer sued, as they threatened. So they made the commercial decision to settle it and avoid court costs.

I think Skyfire made a full and sufficient investigation into the matter before settling it and it was reasonable of them to settle, on the evidence they had. They were entitled to make that decision to settle to minimise further costs. And they settled the third-party claim on a without prejudice basis, which means that they did not admit liability on Mr T's behalf and he can still take the third party to court if he wants.

As I think that Skyfire did not act unfairly or unreasonably in settling the claim as they did, I don't require them to do anything else and I don't uphold his complaint that regard.

I think that they did take longer than necessary to have his car repaired, and didn't communicate well with him during that time, but they did provide him with a courtesy car in line with what the policy said. Mr T didn't feel that the courtesy car was suitable for him. But the policy makes clear that a courtesy car doesn't have to be the same size or model as the policyholder's own car, it depends on what is available, and it is typically a small vehicle. So I can't say it was unreasonable.

Skyfire accepted that Mr T's car's repairs had taken longer than they should have, and they hadn't kept him informed. But they said this was for reasons associated with the Covid pandemic and lockdown. After the investigator gave his view, Skyfire apologised and offered Mr T £250 compensation. I think this is fair.

Putting things right

I see that Mr T has accepted that offer and it appears that Skyfire have now paid this to him and it is to be hoped that he has received it. To avoid any doubt, I've made the decision below.

My final decision

For the reasons above, it is my final decision that I partly uphold this complaint and I require Skyfire Insurance Company Limited to pay Mr T £250 in compensation for his inconvenience if they have not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 8 November 2022.



Rosslyn Scott
Ombudsman