

The complaint

Mr K complains that Eazy Accident Claims Ltd (EACL) failed to clearly explain a settlement offer made to him and about their service fees.

What happened

In 2018 following an injury at work Mr K said he agreed to use the services of EACL. In December 2021 Mr K said EACL told him he'd been offered a settlement of £8,400. He said he was persuaded that it was the best offer he could expect, and that any court action was unlikely to succeed. As the offer was time limited, Mr K said he felt he'd no choice but to accept the settlement.

Mr K said his understanding from the agreement he'd with EACL was that their service fees would be 25%. But they'd also deducted £900 for his case being on the court waiting list even though it didn't go to court. He said his settlement was paid when EACL wrote him a cheque for £5,400. Mr K complained to EACL as he wasn't provided with the breakdown of the settlement offer, and he'd had to accept what EACL had told him. He also said they were unhelpful, rude and ignored his request for the information he asked for.

When Mr K checked with his solicitors, he said he was told the settlement was for £10,000. His solicitors forwarded him a further £2,100, so in total he received £7,500.

EACL said they hadn't been sent the full breakdown of the settlement from Mr K's solicitors. But his solicitors had since confirmed the total settlement was £10,000 and the remaining monies had been paid by Mr K's solicitors to him.

EACL said they'd only charged a fee of 25% when they could have charged 35% as Mr K's settlement was for £10,000. As the remaining monies had been paid to Mr K they considered this had been settled.

Mr K wasn't happy with EACL's response. He said he hadn't seen the settlement offer and EACL had only paid him £5,400, a reduction of 46%. Mr K referred his complaint to us.

Our investigator said that EACL's service could have been better. But Mr K had received a settlement amount of £7,500 which meant EACL had deducted a fee of 25%. As their agreement said for settlements of £10,000, they could charge a fee of 35%, he said EACL by only deducting a 25% fee had compensated Mr K for their poor service.

Mr K didn't agree, he said he still hadn't seen any of the documents about his settlement offer, and the additional £2,100 had been paid by his solicitors and not EACL. He asked for an ombudsman to decide.

I issued a provisional decision in early January 2023 that said:

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'm currently minded to uphold this complaint. I'll explain why. EACL are a claims management company (CMC). That means I can't look at the quality of the legal advice given, or actions taken by Mr K's solicitors. I can only look at whether there has been poor service given by EACL. And if it has, I'll look to see if that has led to any specific loss or disadvantage to Mr K.

I can understand Mr K's frustration as he doesn't accept the signature on EACL's agreement is his. EACL also feel strongly that they'd been working for Mr K for over three years to get a settlement for his injury claim. I understand Mr K's concerns about his signature. But it isn't our role to validate a signature. And Mr K doesn't dispute that he'd instructed EACL to act for him.

EACL's service summary agreement is dated August 2018. It says that EACL will: "....advise, investigate and represent the client to lodge a complaint...."

And goes on to say:

*"The Firm charges 25% for the provision of the claims management service....."
But I can also see that examples are given "if" the service fee was based on the amount of redress/compensation paid. It shows that for redress of £1,000 the service fee would be 25%, if the redress was £3,000 the service fee would be 30%, and for £10,000 the service fee would be 35%.*

Mr K was initially told he'd been offered in settlement £8,400. And after EACL had deducted their fee 25% and a £900 for court listing, he'd received £5400. If EACL had applied their service fee based on Mr K's redress their fee for this amount of redress would have been 30%. But they didn't apply this percentage rate, from what I can see EACL calculated their fee as outlined above "25% for the provision of their claims management service", and this is reflected by Mr K's testimony that he was told he'd only ever pay a fee of 25%.

So even though Mr K's settlement was £10,000 as EACL hadn't based their service fee on the redress received but as previously applied a fixed rate of 25%, this would have meant Mr K should receive £7,500 from his settlement of £10,000. And this is the amount he has now received. So, I don't think Mr K has suffered a financial loss.

But I think the service provided by EACL could have been better. EACL said they'd provide their claims management service, to advise, investigate and represent Mr K. They weren't simply seeking out referrals to identify a claim or potential claim for Mr K's solicitors. So, I would have expected them to adhere to the Claims Management Conduct of Business sourcebook (CMCOB) that provides guidance to CMC's. And I don't think EACL has adhered to CMCOB 6.2.1 - Explanation of fees and charges. This says that EACL should have sent Mr K an itemised bill, that detailed:

"how the fees and charges have been calculated including, where relevant, by reference to the full amount of any money recovered for the customer in respect of damages or compensation, or in settlement of the claim"

CMCOB also provides guidance as to how Mr K should have been kept informed about his claim – CMCOB 6.1 covers the passing on of information and keeping the consumer updated.

By EACL failing to adhere to CMCOB I think Mr K has experienced inconvenience in having to find out what his settlement offer was. And having lost faith with EACL about the amount of his settlement offer and the application of their fees I think this has caused

him distress. So, I think EACL should compensate Mr K for this and pay him £250.

Responses to my provisional decision

EACL has not responded.

Mr K said he wanted to see his settlement offer letter, as despite asking for a copy he'd yet to see the document. He also didn't think £250 sufficiently compensated him for the distress and inconvenience he'd been suffering since 2018.

While I can understand Mr K's frustration and uncertainty about the amount of his settlement offer. I think it would have been for Mr K's solicitors to have provided the settlement offer details to EACL to pass onto him. EACL said the solicitors didn't send the documents to them. Mr K has been told by his solicitors that his offer was for £10,000 and they have paid him the balance. Mr K can ask his solicitors to send the details of the offer to him. Solicitors aren't regulated by the Financial Conduct Authority so this service can't consider any complaints about the actions of a firm of solicitors, that would be for the Legal Ombudsman to consider.

While Mr K's claim started in 2018, the first settlement offer wasn't made until December 2021. And the balance was paid by his solicitors before he brought his complaint to us in March 2022. I've no doubt Mr K has suffered distress and inconvenience as he's lost faith in the handling of his claim. But I think £250 is a fair and reasonable reflection of this.

My final decision

I uphold this complaint and ask Eazy Accident Claims Ltd to pay Mr K £250 for the distress and inconvenience caused to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 March 2023.

Anne Scarr
Ombudsman