

## The complaint

Mr O complains about Watford Insurance Company Europe Limited (WIC) and the way they handled the claim he made on his motor insurance policy.

## What happened

Mr O held a motor insurance policy, underwritten by WIC. Unfortunately, in July 2021, Mr O was involved in a road traffic accident. Initially, Mr O spoke to a company who managed non-fault claims. I'll refer to this company as "X". But as part of this claim, X would look to reclaim their costs off the third-party insurer (TPI). And the TPI disputed their liability, as they felt their insured had sold the car before the incident. So, in September 2021, Mr O returned to WIC to make a claim through them directly. WIC used an agent to manage claims of this nature, but this agent acts on behalf of WIC and so, I will refer to the actions this agent took as WIC throughout the decision.

Mr O was unhappy with how WIC managed his claim from this point. And so, he raised two complaints. Initially, Mr O was unhappy with what he felt was pressure from WIC to purchase a new car before receiving the pre-accident value (PAV) payment for the car involved in the accident. And he was unhappy with WIC's request for dashcam footage he'd already provided, as well as the fact he'd had to pay his excess. So, he wanted to be compensated for the upset he'd been caused.

WIC responded to the complaint and didn't uphold it. They thought the information provided to Mr O on the call regarding a change in vehicle on the policy was correct. And they explained the original dashcam footage had been given to X, who didn't have an obligation to transfer it to them. So, they thought they were fair to request it from Mr O again. Finally, they thought the excess had been charged in line with the terms of the policy. So, they didn't think they needed to do anything more.

Mr O remained unhappy. And he raised further concerns regarding the lack of communication during the claim process as well as WIC's lack of support during this and their decision to close the claim as non-fault but to disallow Mr O's no claims discount ("NCD").

WIC responded again and upheld the complaint in part. They agreed that Mr O's policy contained an uninsured driver promise and so, they agreed to reinstate Mr O's NCD. But they felt they had progressed the claim fairly and explained it had been complicated by the driver being uninsured. They also clarified their belief that Mr O had received his excess through X, and so, they didn't think they needed to do anything more. Mr O remained unhappy with this response, so he asked our service to investigate.

Our investigator looked into the complaint and upheld it. They didn't feel as though Mr O was pressured into buying a new car and they were satisfied the information given on the call on question was fair. And they didn't think it was WIC's responsibility to contact the Motor Insurer's Bureau (MIB) on Mr O's behalf.

But they recognised WIC had initially disallowed Mr O's NCD when it should've been

covered under the uninsured driver's promise. And although they were satisfied WIC were taking actions to progress the claim, they didn't think WIC did enough to keep Mr O updated. So, considering this and the fact Mr O's claim had since been settled as non-fault, they thought WIC should pay Mr O to recognise the delays and the upset he'd been caused.

Mr O didn't agree, providing several reasons as to why and explaining why he felt the £200 wasn't enough to compensate him fairly. And WIC didn't respond. Our investigator considered Mr O's comments, but their view remained unchanged. Mr O continued to disagree and so, the complaint has been passed to me for a decision.

### **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 upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. I want to reassure Mr O I've considered all of the comments he's made, before and after our investigator's recommendation, when considering the complaint.

I note it's been accepted by WIC that they disallowed Mr O's NCD unfairly, as he held an uninsured driver's promise within the terms of the policy he held. As this has been accepted, I won't discuss the merits of this any further. I will discuss the actions WIC have taken to recognise this error, and whether I think they were fair, later within the decision.

Instead, I've focused on the merits of the issues that still remain in dispute. I recognise Mr O feels as though he was pressured into purchasing a new car by WIC, and that WIC acted unfairly when doing so.

I've listened to the recording of the call in question, and considered the information provided against the terms of the policy Mr O held. Within the call, I think WIC attempted to set out all reasonable avenues available to Mr O. And I don't think I can say WIC attempted to pressure Mr O to take any specific action.

While I recognise the options WIC outlined detailed the financial position Mr O may be left in if he didn't purchase another car, I don't think this means WIC acted unfairly or unreasonably. This is because the terms of Mr O's policy explains that *"If you are paying your insurance premium by instalments and we settle a total loss claim under this section all outstanding premium may be deducted by the claim's settlement"*.

Unfortunately, due to the value of Mr O's car compared against his excess and outstanding premium, this option may have left Mr O with little to no remaining settlement. While I appreciate why Mr O would feel as though this was an unfair situation for him to be left in, I can't say WIC acted unfairly, or outside of the terms of the policy, when making Mr O aware of this possibility. So, I don't think they need to do anything more for this aspect of the complaint.

I appreciate Mr O doesn't think the term itself is reasonable. And he feels other insurers don't impose this sort of term. But crucially, insurers such as WIC are entitled to set the terms of the policies they sell as part of their internal business process. And any investigation into an insurers internal business processes would fall under the remit of the industry regulator the Financial Conduct Authority, rather than ourselves. So, I'm unable to comment on the term, and whether it's reasonable.

I've then turned to the service WIC have provided to Mr O overall, and in particular their communication with him. I've seen WIC's internal system notes and I'm satisfied WIC progressed the claim effectively, and as I'd expect, for the most part. I think it's clear the claim was delayed due to the issue regarding the driver of the third-party vehicle and whether they were insured. I can see WIC remained in contact with the TPI and X during this process, until confirmation was provided showing the third-party driver was uninsured. So, I don't think the length of the claim resulted from anything WIC did wrong.

But I do think WIC could've done more to provide Mr O with reasonable updates during this process, so he was aware of what was happening and what this meant for him. And I don't think I've seen evidence to show WIC did so. So, I think WIC could've done more and I don't think I can say they acted fairly. Because of this, I've then thought about what I think WIC should do to put things right.

### **Putting things right**

When thinking about what WIC should do to put things right, any award or direction I make is intended to place Mr O back in the position he would've been, had WIC acted fairly in the first instance.

In this situation, it's not in dispute that WIC disallowed Mr O's NCD unfairly. But I do recognise this has since been reinstated and so, he is now in the position he would've been had the NCD have remained under the uninsured driver's promise. And although there was conflicting information given around how the claim would be settled, it's been confirmed the claim was settled as non-fault, with Mr O receiving a refund of the excess he paid.

So, I'm satisfied that Mr O now finds himself in the position I'd expect him to be, had the claim been progressed correctly and appropriately from the outset.

But I do think Mr O has been caused some inconvenience and upset throughout this process. As I've explained above, I think WIC could've done more to update Mr O on the progress of his claim. And as they didn't do so, I can understand why Mr O would query their handling of the claim and question why it's taken so long to settle. I also recognise Mr O has been given conflicting information throughout the lifetime of the claim, for example being told he no longer qualifies for his NCD and that the claim would be recorded as a fault accident, when it shouldn't have been.

I think all of this misinformation, and lack of clarity, would've been upsetting for Mr O. And I think it would've added to an already stressful situation for him, where he found himself without a car through no fault of his own. I appreciate Mr O has also needed to take time to contact WIC seeking updates, and to confirm exactly how the claim would be settled and what it would mean for him, on more occasions than he should've needed to had WIC communicated with him for effectively. So, I think Mr O should be compensated for the above.

Our investigator recommended that WIC pay Mr O £200 to fairly compensate him for this. And I think this recommendation is a fair one, that falls in line with our service's approach and what I would've directed, had it not already been made.

I think it adequately compensates Mr O for the upset and inconvenience he's been caused by WIC's lack of communication, and their error regarding the disallowing of his NCD. But I think it also takes into account the complexity of the claim due to the third party being uninsured, and the fact WIC were taking steps to progress the claim to a conclusion even if they didn't make Mr O aware of this in a reasonable manner. So, I think WIC should pay Mr O £200.

I understand this may not be the outcome Mr O was hoping for. And I want to reassure Mr O again I've considered all of the comments he's provided regarding the level of compensation, and why he thinks it should be increased. But I hope my decision provides clarity as to why I think the £200 is a fair compensatory payment and this helps bring some closure to Mr O's situation.

### **My final decision**

For the reasons outlined above, I uphold Mr O's complaint about Watford Insurance Company Europe Limited and direct them to take the following action:

- Pay Mr O £200 to fairly compensate him for the inconvenience and upset he's been caused during the claim process.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 27 March 2023.

Josh Haskey  
**Ombudsman**