

The complaint

Mrs H and Mr H complain about how Royal & Sun Alliance Insurance Limited (RSA) handled a claim made on their commercial motor insurance policy. Mr H is a named driver on Mrs H's policy.

What happened

Mrs H complained to RSA that it had settled another driver's claim against their policy in 2019 without investigating it sufficiently. The other driver said Mr H had reversed into their car causing damage to the front bumper area. Mrs H said they had no recall of the incident and thought it was fraudulent.

RSA said it had tried to contact Mr H about the alleged incident several times, but he hadn't responded. It said the other driver had Mr H's details and there was an independent witness. Mr H later told RSA in a call that the other driver had hit his car, but no damage had been caused. RSA decided to settle the other driver's claim and a fault claim was recorded against Mr H's record. Mrs H was unhappy that this would affect their premiums at renewal.

Our Investigator didn't recommend that the complaint should be upheld. She thought Mr H had been aware of the incident. And she thought that due to his lack of co-operation with RSA and the changes in his accounts that the other driver's version of events was more likely to have happened. So she thought RSA had reasonably investigated the claim and settled it as it was entitled to do by the policy's terms and conditions. She also thought it had justified the costs it paid for the other driver's claim.

Mrs H replied that Mr H hadn't changed his story but had said he had tapped the other car at a very low speed. She said the only damage done to the other car was a crack in the number plate. She said RSA hadn't conducted a thorough investigation and the witness was the other driver's passenger. Mrs H asked for an Ombudsman's review, so the complaint has come to me for a final 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.

I can understand that Mrs H and Mr H feel frustrated that a fault claim was recorded on the Claims and Underwriting Exchange (CUE) database and that this has affected their premiums.

I can see that Mr H now accepts that he was involved in the incident and that he had hit the other car whilst manoeuvring at low speed. So I won't consider this aspect of the complaint further. What's left for me to consider is how RSA dealt with and settled the claim. RSA recorded the claim as a fault against Mr H.

It isn't our role to decide who was responsible for causing the accident. This is the role of the courts. Instead, our role in complaints of this nature is simply to investigate how the insurer made the decision to settle the claim. Did it act fairly and reasonably and in line with the terms and conditions of the policy? And has it treated Mr H the same as someone else in his position.

RSA is entitled under the terms and conditions of its policy with Mrs H to take over, defend, or settle a claim as it sees fit. Mrs H has to follow its advice in connection with the settlement of a claim, whether she agrees with the outcome or not. This is a common term in motor insurance policies, and I do not find it unusual. Insurers are entitled to take a commercial decision about whether it is reasonable to contest a third party claim or better to compromise.

That said, we expect an insurer to reasonably investigate a claim and consider the evidence available before making its decision about settling it.

RSA received allegations of an incident caused by Mr H and so I'm satisfied that it was then obliged to open a claim and to investigate this. The allegations were that Mr H had reversed into the other car and cracked the number plate and bumper. The other driver had Mr H's name and registration number, so I think details must have been exchanged at the scene. Details of an independent witness were also provided.

RSA then tried to contact Mrs H and Mr H to get their version of events. It tried to contact them by phone, letter and text. RSA eventually made contact with Mr H by phone a month after the incident. He said he was aware of it and would call back. Mrs H emailed to say that she had no recall of the incident. But no further response was made until RSA called Mr H a further month later.

I've listened to this call. Mr H said the other driver had hit his car whilst he was stationary. But RSA said that it wouldn't be able to defend this because of the independent witness and the claim would be a fault. Mrs H said recently that the witness was a passenger in the other driver's car. But Mr H didn't raise this in the call. RSA explained that the other witness was independent.

RSA told Mr H that it would have to settle the claim as fault because it was unable to defend the claim. RSA, as I've said above, is entitled to minimise claim costs. And so I think it was reasonable for it to settle the other driver's claim in these particular circumstances.

Mrs H later told us that Mr H did agree that he had tapped the other car whilst manoeuvring but she disputed the amount of damage claimed. But I can see that this was supported by expert engineering evidence as consistent with the circumstances. And I don't think it's unusual for further damage to come to light when repairs are started. The claim also included hire costs.

So I think RSA reasonably investigated the claim and considered the evidence available before deciding to settle it, in keeping with the policy's terms and conditions. I think it made reasonable attempts to contact Mr H for his version of events. And I think it justified the costs it paid to settle the claim. So I can't see that it acted unfairly or unreasonably or needs to remove records of the claim.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 29 June 2023.

Phillip Berechree
Ombudsman