

The complaint

Mr B complains that Zurich Insurance plc is responsible for mishandling his claim on his motor insurance policy.

What happened

Mr B had a comprehensive policy for the year from March 2022. The policy was branded with the name of an insurance intermediary. Zurich was the insurance company that was responsible for dealing with any claim. The policy covered a car with an "07" registration.

Mr B changed that car for one registered in 2018. Mr B put that car on the policy in April 2022 at an extra cost.

Unfortunately, in early July 2022, Mr B reported to Zurich that an accident involving a cyclist had damaged the car.

Zurich got the car repaired in early September 2022. Mr B paid an excess.

In mid-September 2022, Mr B complained to Zurich about delay and poor communication.

By a final response dated mid-October 2022, Zurich accepted the complaint about communication and said it was sending Mr B a cheque for £125.00 compensation.

By early December 2022, Zurich had sent Mr B a further £50.00, making a total of £175.00.

Zurich quoted Mr B an increased premium for the year from March 2023.

Mr B brought his complaint to us in late February 2023.

Our investigator recommended that the complaint should be upheld in part. She thought that Zurich had addressed the lack of communication. But she thought that Zurich had caused delays, for which it hadn't compensated Mr B. This took effort for Mr B to sort out and went above a minor inconvenience or clerical error. She recommended that Zurich should pay compensation of £300.00.

Mr B responded to the investigator's opinion as follows:

- Zurich still hasn't resolved the claim.
- If Zurich had resolved it earlier, his premium wouldn't have gone up so much in March 2023.

Zurich didn't respond to the investigator's opinion. So the investigator asked for an ombudsman to review the complaint.

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.

Scope of this final decision

The Financial Ombudsman Service is bound by the Financial Conduct Authority's dispute resolution rules. One of those rules is that, before we can investigate a complaint, the consumer must first have made that complaint to the regulated firm and waited for up to eight weeks for a final response. It follows that we can't usually investigate points of complaint about acts or omissions after the complaint that prompted the final response.

Also, the rules require a two-stage process under which an investigator gives an opinion and then an ombudsman may give a final decision.

So this final decision will look at Zurich's service and delays up to Mr B's complaint in mid-September 2022.

Recovery

Where a policyholder has made a claim and an insurer has made an outlay (e.g. on repairs) then it's common practice for that insurer to treat the claim as an open claim or as a fault claim against the policyholder unless and until the insurer recovers its outlay in full, typically from a third party.

There may be a number of reasons why an insurer doesn't pursue recovery against a third party. So a "fault claim" doesn't necessarily mean that the policyholder was responsible for causing the accident or damage.

Any claim, and especially a fault claim, will weigh against the policyholder when the insurer assesses its quote for the premium for the following policy year.

Zurich's policy terms included the following:

- "(b) The Insurer will be entitled to take over and conduct at the Insurer's expense in Your name or in the name of any other person insured by this Insurance Document:*
- (i) the negotiation defence or settlement of any claim;*
 - (ii) legal proceedings to recover for the Insurer's own benefit any payments made under this insurance You or any other person covered by this insurance must give the Insurer all documentation, help and information they may need."*

That means that, on a question of how to deal with a claim involving a third party, Zurich's view would prevail over the policyholder's view. That includes Zurich's view about weighing up the potential benefit of a recovery against the costs and risks of court proceedings.

From the timeline, I've noted that Zurich didn't make enough progress in July 2022 either with repairs or with contacting the cyclist. Zurich had contact details for the cyclist for about a month before mid- August 2022, when Zurich asked the cyclist for their insurance details.

From early September 2022, Zurich had an outlay on repairs, that it could seek to recover from the cyclist.

Zurich hadn't - by mid-September 2022 - reached a decision on whether to pursue the cyclist to try to recover its outlay. (From what Mr B and Zurich have each said, Zurich still hasn't reached such a decision.)

I understand Mr B's view that Zurich should've resolved the issue of recovery in his favour before mid-September 2022 (or at least before the renewal date in March 2023). However, I'm looking at acts and omissions up to mid-September 2022. And I've noted a lack of response from the cyclist or their representatives.

So I can't say that Zurich should've resolved the issue of recovery by mid-September 2022. Further, I can't say that Zurich should've resolved the issue in Mr B's favour.

It follows that I can't hold Zurich responsible for the consequences of the claim remaining open in mid-September 2023. And, as I've said, I can't look into Zurich's acts or omissions after mid-September 2022 – or the consequences of that including the effect on its renewal quote from March 2023.

Communication and delay

Zurich's final response accepted that it hadn't communicated with Mr B as well as it should've. In addition, I've noted some delay in getting a booking-in date for the repairs and some delay in contacting the cyclist.

I've thought about the impact on Mr B. From what he's said to us, I consider that he was worried about the likely effect of the claim on his renewal premium – and in turn on the affordability of being able to keep and drive his car. So he wanted a resolution and felt he had to telephone Zurich to chase progress or updates.

Putting things right

Weighing it all up, I don't consider that Zurich's payments totalling £175.00 were enough to compensate Mr B for the inconvenience and distress caused to him by Zurich's poor communication and delay.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Zurich Insurance plc to pay Mr B - in addition to its payments totalling £175.00 – a further £125.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 December 2023.

Christopher Gilbert

Ombudsman