

The complaint

Mr C has a motor insurance policy underwritten by U K Insurance Limited ('UKI'). He says he got poor service from it after he called to report an accident.

What happened

Mr C told us that on 8 December 2022, whilst attempting to park his car, he misjudged the manoeuvre and his car's rubber bumper brushed along part of another car, leaving marks. The other driver immediately made a claim for damage to his car on Mr C's policy, and later on he told UKI that he'd sustained a personal injury. Mr C didn't think damage to the car or personal injury were possible, given the minimal contact between the two cars.

Mr C said UKI should have defended his position, but instead, it relied on past court cases to say that wasn't feasible. He said UKI told him it would repair the other car, but then it said it had paid cash in lieu of repairs. He said it made a further error when it told him a call he got about the claim from abroad wasn't from UKI. He said an advisor told him he couldn't use his legal cover to support his case - and that as UKI didn't ensure the claim was closed before his renewal was due, his premium rose substantially. He wasn't happy that the claim was *still* open. And he said UKI didn't allow him to make a complaint when he asked to do so.

UKI accepted that it had made some errors and that some of its advisor's comments to Mr C were wrong or had caused confusion. It accepted that it hadn't told Mr C at the time that it had paid the other driver's claim and that it should have made it easier for him to make a complaint. It offered him £100 compensation for distress and inconvenience.

UKI didn't accept Mr C's view that the liability decision it had made was wrong. It said Mr C had agreed his car came into contact with the other car. And as it paid out on the claim, his no claims discount ('NCD') reduced and his premium rose. It said if the other driver made a personal injury claim supported by medical evidence, it would have to make him an offer. It said that wouldn't affect Mr C, as his record already showed a 'fault' claim, given UKI's payment for the damage to the other car. It said it wasn't able to close the claim as the other driver had delayed in contacting it and still hadn't decided how to proceed.

One of our investigators reviewed Mr C's complaint. She thought UKI had acted reasonably by accepting that it could have handled the situation better in some respects and paying him compensation. But she said it had the right to decide how to deal with any claim and that it had acted within the policy's terms. In a call with Mr C after she issued her view, the investigator noted that he wanted a £300 refund of his premium. He thought the increase in the premium had been paid towards the other driver's claim. She said a refund wasn't due and that Mr C had benefitted from the policy's cover for the year. She said UKI's decision not to argue the case in court was fair, as it believed that wouldn't be successful.

As there was no agreement, the complaint was passed to me for review.

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.

First of all, I understand why Mr C didn't think there was any damage to the car other than a mark, and why he didn't think the other driver could possibly have been injured. In my opinion, it's clear from the details UKI has given us that it took his view seriously and that it considered both issues carefully. Insurers have no desire to pay claims that are false or exaggerated, as it isn't in their interests. So if an insurer thinks there are sound reasons to decline a claim, that's what happens.

The policy allows UKI to deal with any claim as it sees fit. We only interfere with an insurer's discretion if we think it has acted unfairly or unreasonably. In this case, UKI arranged for an engineer to inspect the car before making its decision on the damage. He didn't share Mr C's view that the marks on it would rub off. He thought the paintwork needed to be repaired, and I think it was reasonable for UKI to rely on his expert opinion.

As Mr C had accepted that during his parking manoeuvre his car came into contact with the other car – and an engineer said it needed a minor repair as a result of that contact - I don't think UKI had any option but to accept responsibility for the damage. I think it was reasonable for it to rely on the circumstances of the current claim, *plus* its extensive knowledge and experience of similar claims and court judgements, in making that decision.

Mr C thinks UKI failed to investigate the current claim, but I think it had enough information on which to make a sound judgement - from Mr C, from the other driver and from the engineer. And in terms of Mr C using his legal cover to defend the claim, the purpose of that cover is to pursue uninsured losses incurred by him. So I think UKI's advisor provided the correct advice to Mr C in advising him that it couldn't be used in connection with this incident. I also think it was reasonable for UKI to pay the other driver cash (instead of arranging for repairs) when he requested that option. And that decision had no impact on Mr C anyway.

As a result of UKI settling the claim for damage to the other car, Mr C has a fault claim on his record. But that's what happens when an insurer has to pay *any* sum (regardless of the amount) on a claim that it isn't able to recoup from another party. It will usually lead to a loss of NCD and to a rise in premium at renewal (although *many* other factors also affect renewal premiums). All insurers take into account a driver's history when quoting for new policies, so Mr C would have been affected by that too. But I don't think it was the result of unreasonable action on UKI's part – the fault record and its consequences were caused by the accident.

Mr C thinks UKI should have ensured the claim was closed before his renewal date. Had it been closed, the fault claim would still have impacted on Mr C's record and his premium. I don't think it was UKI's fault that the claim remained open. The other driver has the right to make a personal injury claim for up to three years post-accident, although quite soon after the accident he told UKI he'd been injured and enquiries into that issue began.

In my opinion, the claims notes on UKI's business file show that it made every effort to investigate the personal injury situation as far as it was able to do - and that it encouraged the other driver to move the matter forward. I think it's clear from the notes that the situation was very complicated. Unfortunately (for data protection reasons) UKI wasn't able to explain that to Mr C, and I can't go into any detail about it either. I understand Mr C's frustration, given that he remains unaware of all the facts, but having seen the file notes, I don't think UKI acted unreasonably when dealing with this aspect of the claim.

There's no doubt that UKI made some errors that caused Mr C upset and inconvenience. One of them was in making it harder than it should have been for him to make a complaint (although the complaint was still registered on the day he raised the issue). Another was informing Mr C at one point that his premium would reduce as soon as UKI paid the other driver's claim (when in fact the effect of the accident on the premium reduces over time). And there were several other examples of advisors giving him incorrect facts.

Although I can see why these errors would have caused Mr C confusion, upset and probably annoyance - I think they were relatively minor and didn't impact on the claim's outcome. In my opinion, UKI acted reasonably in paying Mr C £100 compensation to try to put matters right. I know Mr C won't agree with that, as he's very unhappy about UKI's service and the decisions it made. But I think UKI acted reasonably in most respects - and compensated Mr C for its minor errors – so I can't uphold his complaint.

My final decision

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 C to accept or reject my decision before 28 March 2024.

Susan Ewins
Ombudsman