

## **The complaint**

Ms N has complained that U K Insurance Limited trading as Privilege (UKI) unfairly settled a claim she made under her car insurance policy as a 'fault' claim.

## **What happened**

Ms N made a claim to her insurer, UKI for damage to her car caused by a third party while parked. Ms N wasn't with her car when it happened – and there were no details of the third party vehicle (TPV) involved.

UKI dealt with Ms N's claim for repairs and closed the claim as a 'fault' claim because it had no third party to look to recover the claim costs from.

When Ms N bought car insurance with another insurer, she said she told the new insurer the claim was a 'non fault' claim. Because this wasn't how UKI had recorded the claim on a central database insurers use to check claims, this led to Ms N having to pay a higher premium to her new insurer.

Ms N complained to UKI. She was unhappy with the way the claim had been settled and unhappy with UKI for failing to call her back when promised – to discuss the claim and her complaint.

UKI said it had correctly settled the claim in line with industry practice and the policy. It paid Ms N £50 compensation for its poor service in failing to call her back when agreed.

Ms N asked us to look at her complaint. She said UKI didn't tell her how it would record the claim. She said if it had, she would have made a different decision. Ms N says even if UKI had recorded it in line with industry standard, it isn't a fair outcome as she didn't cause the incident. Ms N doesn't believe it's fair to have to pay a higher premium for a claim that wasn't her fault.

So the case has been passed to me to decide.

## **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 appreciate that Ms N feels the decision made by UKI is unfair. The terminology used by insurers for claims where they can either recover – or not recover the claim costs – are 'fault' (not recovered) or non-fault (recovered). As the Investigator explained, this doesn't mean UKI holds Ms N at fault. Clearly she isn't – as the damage wasn't caused by her.

I understand Ms N doesn't agree – but this is consistent with how all insurers record claims. And so Ms N has been treated fairly and how UKI would treat any other customer in her circumstances.

UKI has provided a recording of the key call with Ms N's son on her behalf. UKI explained to Ms N's son how it would record the claim as there was no third party to recover the costs from. Ms N's son instructed UKI to proceed with Ms N's claim. So I'm satisfied Ms N's son's expectations were managed and an informed decision was made.

UKI accepts it provided a poor service to Ms N in failing to call her back when promised. This no doubt caused some minor inconvenience to Ms N. I think the compensation payment of £50 awarded by UK is fair and proportionate to reflect the inconvenience caused here.

### **My final decision**

I'm sorry to disappoint Ms N. But for the reasons I've given above, I don't uphold her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 12 April 2024.

Geraldine Newbold  
**Ombudsman**