

The complaint

Mr T complains that Zurich Insurance PLC accepted liability on a claim on his behalf without notifying him and without considering all the circumstances.

What happened

In April 2023 Mr T was notified by Zurich that his vehicle had caused damage to another car in a car park.

Mr T disputed it as he wasn't aware of the incident but he said if there was evidence of it, he would take responsibility. His vehicle is large and he said that he could have knocked a vehicle without noticing and he did accept that he was in the car park when the alleged incident happened.

Zurich accepted liability on Mr T's behalf without notifying him and he only found out at renewal when he lost his no claims discount.

Mr T complained as he was unhappy about how this was handled and didn't think there was sufficient evidence for Zurich to accept liability. Zurich refused to uphold the complaint and so Mr T brought his complaint to us.

One of our investigators looked into Mr T's complaint. She thought that Zurich hadn't acted unfairly in settling the claim and accepting liability, but she did think they should have told him, and awarded £50 to Mr T for the distress and inconvenience caused by this.

Mr T disagreed with our investigator's view, and so the case has come to me to 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.

I have to decide whether Zurich have acted fairly and reasonably in accepting liability and in dealing with Mr T's claim.

I've carefully considered the information provided by Mr T and Zurich. I'm upholding the complaint in part, and I will explain why.

Should Zurich have accepted liability?

At page 31 of the policy it says:

"Claims handling:

We're entitled to take over, defend or settle any claim under this policy in the name of you or any other person covered by this policy and we are entitled to take legal action in any such name to recover any payments we make."

This means that under the terms of the policy Zurich are entitled to settle a claim as they see fit, provided they do so fairly and reasonably, even if it goes against the wishes of the policyholder.

So, I've thought about whether this decision was reached fairly and reasonably.

Zurich explained to Mr T that if they had gone to court to dispute the claim, they don't think they could have had a favourable outcome as there was no evidence they could use to challenge the claim, and the costs of going to court would have outweighed the value of the claim. So they made a commercial decision to settle it to avoid incurring legal expenses – which would have impacted Mr T further. Zurich are entitled to make this sort of commercial decision if the evidence or lack of evidence supports it and given that Mr T wasn't aware of the alleged impact and couldn't offer any evidence to counter the third party account of matters, I can see how a successful outcome at court would have been unlikely. So I don't think Zurich reached their decision unfairly.

I can appreciate how strongly Mr T feels about this, and I can see why he would prefer Zurich to have gone to court, but I hope that I have explained why I am satisfied that they have reached their decision fairly and reasonably.

Was there a failure to notify Mr T?

I think Zurich could have done more to notify Mr T that they intended to settle the claim. It wouldn't have changed the outcome, as Mr T had no further evidence to offer to counter the claim, but it would have prevented Mr T from being shocked when he went to renew his policy later.

So I think that Zurich should pay Mr T a sum for the distress and inconvenience caused by their failure to tell him.

Putting things right

I think that in order to put things right, Zurich should

- Pay Mr T £50 for distress and inconvenience.

My final decision

My final decision is that I'm upholding Mr T's complaint about Zurich Insurance PLC and directing them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 29 May 2024.

Joanne Ward
Ombudsman