

## **The complaint**

Mr Y complains about how U K Insurance Limited trading as Direct Line handled a claim he made on his motor insurance policy.

## **What happened**

Mr Y holds a motor insurance policy with Direct Line. When his vehicle was involved in an accident with a delivery van in September 2022, he made a claim for the damage.

Direct Line accepted the claim and wrote Mr Y's vehicle off. It paid Mr Y the settlement in October 2022.

But who was at fault for the accident remained unresolved. Mr Y said he's had to chase for updates and the open claim is affecting his and his wife's insurance premiums. Mr Y complained to Direct Line about this. It accepted there were lengthy avoidable delays in progressing the claim and offered Mr Y £350 compensation.

Mr Y didn't accept this and brought his complaint to us.

While the complaint was with us, Direct Line offered a further £150 compensation. Our Investigator thought overall, the offer of £500 for the delay was reasonable.

Mr Y didn't agree, so, the case has come to me.

## **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.

Having done so, I'm upholding it. Like our Investigator, I'm satisfied £500 compensation for the delay in determining liability and settling this claim with the third party is reasonable.

To be clear, I'm only looking at delays up to the point that Direct Line made its offer of a further £150 on 16 January 2024. Things may (or may not have) moved on since then. But they're not being considered in the scope of this complaint.

After receiving the claim in September, Direct Line settled in in terms of raising payment to Mr Y in a reasonable timeframe. But who was at fault is still in dispute. This is having an effect on Mr Y, in terms of the price of his insurance and the distress and inconvenience of knowing the claim is still open and unresolved.

Direct Line are still disputing liability with the other driver's insurer. It's not my role in the scope of this complaint to say who was at fault for the accident, so I can't say how the claim should be recorded on the Claims Underwriting Exchange (CUE). But open claims on CUE are widely interpreted as 'fault' claims by insurers when pricing policies – which is often seen as an increased risk and as a result an increased premium. So, having an open claim is similar to having a fault claim. And I can see why Mr Y isn't happy with that when he thinks he wasn't at fault for the accident.

Direct Line has acknowledged it's not progressed this claim as well as it should have. That's reflected in its offer of £500 compensation. It's acknowledged a lengthy spell between March 2023 and December 2023 where nothing happens on the claim. This isn't acceptable.

Throughout this time, Direct Line has given misinformation on the status of the claim – saying it was closed when it wasn't and has had difficulty contacting the witness Mr Y let it know about.

But, because liability is in dispute, I can't at this stage say whether Direct Line's inaction has prejudiced him. I can't say with any certainty how liability for the claim will be settled, or whether Direct Line's actions in relation to the witness will be a determining factor in that decision. So, I can't say whether the open claim has put Mr Y in a worse position than the position he'll be in when the claim closes. That's because as explained above, an open claim is treated by most insurers as a fault claim. So, if the claim is settled as a fault claim, Mr Y will be in no better position than he is in now. I acknowledge however that if the claim is settled as a non-fault claim, it's likely Mr Y will be seen as less of a risk by insurers and his premium will reflect this. If this happens, having the claim open for longer than it should have been will have put Mr Y in a worse position than he should have been.

This makes it difficult to quantify the impact of Direct Line's actions, or more accurately, inaction. And aside from whether or not Mr Y ends up in a better position once liability is settled, the claim has been open for too long, and that's caused distress and inconvenience to Mr Y.

Overall though, I'm satisfied Direct Line's offer of £500 compensation is a reasonable one, considering the impact this delay has had on Mr Y.

### **My final decision**

For the reasons set out above

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 22 July 2024.

Joe Thornley  
**Ombudsman**