

The complaint

Mr I complains about the way Advantage Insurance Company Limited handled a claim he made on his motor insurance policy.

What happened

In February 2023, Mr I made a claim on his car insurance policy. He said he'd been stationary, when a car had reversed into him. He provided Advantage with a hand-written note, which he says was from the third party (TP), accepting liability. The note gave the TP's name, address and car registration number.

Around four months later, Advantage said it was going to have to abandon its attempts to recover its outlay for the accident, as it hadn't been able to trace the TP.

Mr I complained to Advantage about this decision. He said Advantage had been chasing the wrong driver, even though he'd provided the correct car registration number.

Advantage investigated this further but didn't accept it had acted incorrectly. It said the owner of the car, with the vehicle registration provided by Mr I, denied all knowledge of the incident. So it said it had tried another registration number – in case it had incorrectly read an 'M' as an 'N' in the note provided by Mr I. But it said that registration, with an 'M', had never been issued to a vehicle by the DVLA. So it said in the absence of any CCTV, dashcam footage or witnesses, it wouldn't be able to recover costs from any TP.

Unhappy with Advantage's response, Mr I brought the complaint to this Service. Our Investigator wasn't satisfied Advantage had fairly investigated the claim. She said the details provided by Mr I, including the name and vehicle type, had mostly matched the information the insurer had found for the TP. She said despite this, it hadn't pursued the TP insurer for a witness statement or asked to assess their vehicle.

However, she said even if Advantage had acted sooner, it still might not have been able to hold the TP at fault. So she didn't think it needed to change how it had recorded the claim. But she did think Mr I had been caused unnecessary distress and inconvenience by Advantage not handling the matter promptly and keeping Mr I up to date, so she recommended Advantage pay £300 to recognise this.

Advantage accepted it could have done more to investigate the circumstances, but it thought £300 compensation was too high. It said it thought £150 was more suitable for the impact caused.

Mr I said he wanted the claim to be changed to a non-fault one. And if that wasn't possible, he wanted Advantage to remove the claim.

As the matter wasn't resolved, it has come 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.

This service is not here to determine liability for accident. We assess whether the insurer – so in this case Advantage - reached a fair and reasonable decision on liability. Advantage says whilst it believes Mr I, because it hasn't been able to recover its outlay from a third party, it has to record the claim as a 'fault'.

Having considered the evidence presented by Advantage, I'm not satisfied it carried out a reasonable investigation. It hasn't provided this Service with any information from the TP insurer regarding its response. It also doesn't appear to have provided any challenge to the TP insurer's assertion that its policyholder wasn't involved. For example, I can't see that it checked damage to Mr I's car to see if any paint left by the TP vehicle matched the colour of the car Mr I said had been involved. Apart from searching for an alternative car registration number, I can't see that it did much to pursue recovery at all. This falls below the standard I'd expect of an insurer when its policyholder makes a claim.

However, like our Investigator, I'm not persuaded that Advantage's proper investigation would most likely have resulted in a different outcome. Advantage said the TP insurer confirmed the details written on the note, such as the name and address, didn't match its insured. So its possible Advantage still wouldn't have been able to establish the identity of the other driver.

Mr I says if Advantage had kept him informed, he could have got testimony from witnesses. However, Advantage did tell him in August about its plans to abandon its recovery, and Mr I wasn't able to provide any witness information then. From the claim notes, I can't see that he mentioned any witnesses when he first notified Advantage about the claim. There are also no photographs from the scene, showing the positioning of the cars in the immediate aftermath of the incident, to support his version of events. So whilst I note Mr I's testimony, I'm not persuaded this, and the hand written note from the scene, is enough to say Advantage would have been able to successfully pursue recovery – even if it had managed to identify the driver involved.

Mr I says if the claim can't be changed to non-fault, he'd like the claim removed. I'm aware some insurers may allow Mr I to 'buy back' the claim. That would be where he reimburses Advantage for its outlay on the claim, reducing it to zero. Advantage would then, in turn, update the relevant claims database to allow the no claims bonus to be unaffected. If Mr I wishes to pursue this, he can contact Advantage directly. If Mr I is unhappy with any decision it makes in relation to that, this Service could consider that separately.

But Advantage should compensate Mr I for the unnecessary distress and inconvenience it caused in not carrying out a proper investigation. Advantage didn't keep him informed, resulting in worry and disappointment when he was told Advantage were no longer pursuing a recovery. He says he only found this out when renewing his insurance, I accept this would have caused distress. It is also inconvenient for him to only find out at renewal, as his premium increase, as a result of the claim, wouldn't have been expected. So, I'm satisfied £300 compensation is fair to reflect the unnecessary distress and inconvenience caused.

My final decision

My final decision is that I uphold this complaint, I direct Advantage Insurance Company Limited to pay Mr I £300 compensation.

Advantage Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr B accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 4 June 2024.

Michelle Henderson
Ombudsman