

The complaint

Mrs B complains about how Liverpool Victoria Insurance Company Limited (LV) dealt with a claim against her motor insurance made by a third party.

What happened

Mrs B had motor insurance with LV. She was involved in a collision with another driver. Mrs B says both drivers agreed there was no damage to either car. Mrs B later found out that the other driver had made a claim against her insurance for damage to their car, which LV had paid. This would likely have an impact on Mrs B's insurance premiums going forward. Mrs B was unhappy about this and about the customer service she received from LV, and complained to LV. LV said:

"In the photos that you sent in that you took at the scene there is damage that can be clearly seen if you zoom in on the photos, if this is compared to the third-party photos and engineers report the damage claimed is what would be expected and also confirmed by your photos.

The fact the third party did not contact us for sometime is not unusual and given the date on the engineers report we have no concerns that the damage claimed is not as a result of the impact from your vehicle so as we have settled the claim I have no reason to change the outcome."

Mrs B wasn't happy with LV's response and complained to this service. Our investigator upheld Mrs B's complaint about the customer service she received from LV, but said that LV was entitled to settle the claim the way it did under the terms of her policy. The investigator said LV should pay Mrs B £100 compensation for the customer service failings.

LV disagreed but then agreed to pay the compensation.

Mrs B wasn't happy with what the investigator said so the complaint has been passed to me. Mrs B wants the matter investigated further and the "fault" claim recorded against her to be removed from relevant databases.

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 uphold Mrs B's complaint about the poor customer service. I'll explain why.

Mrs B accepts that the two vehicles made contact but she says LV acted unfairly as the accident was reported by the other driver six months afterwards; she provided photos at the time of the scene with both cars having no damage; the other driver sent photos six months after the accident showing a significant amount of damage; and the accident was registered at a location other than where it happened involving a different car from hers.

As set out above, LV said that it was possible to see damage in Mrs B's photos that equated to the others driver's claim.

However I want to be clear that it's not my role to decide how or where the collision happened or what damage was caused to either car. Ultimately only a court can make a finding on this. My role is to decide whether LV acted fairly and reasonably when dealing with Mrs B's claim.

Mrs B's insurance policy documents with LV said:

"Section 12 General conditions

...We're entitled to:

- have total control to conduct, defend and settle any claim; and*
- take proceedings, in your name or in the name of any other person claiming under this insurance, at our own expense and for our own benefit to recover any payment we've made or to pursue a claim for damages."*

This is a standard term in most motor insurance policies and one which this service considers to be fair and reasonable. It means that LV can decide how to settle a claim from a third party against one of its policyholders, and this is what happened.

I've also considered whether LV treated Mrs B fairly and reasonably whilst it was dealing with the claim. I've listened to some of the calls between LV and Mrs B. In one call, Mrs B explained her concerns about the claim from the other driver. The call handler agreed that it sounded strange and said they would "get this investigated."

However I don't think that LV investigated Mrs B's concerns to the extent it lead her to believe it would. And in a later phone call, LV told her that it had previously misled her on a six-month cut off time for claims (this service hasn't been provided with the previous call).

Mrs B also complains that LV didn't tell her at the time that it had settled the third party claim and she didn't receive call backs she was promised. From what I've seen and heard I think this is correct.

I don't think LV explained its processes clearly enough to Mrs B. And although I think Mrs B would still have been unhappy about the outcome of the claim, the way LV dealt with things made her distress greater, and I think LV should pay her £100 compensation for this.

My final decision

For the reasons given above I uphold Mrs B's complaint but only in relation to the poor customer service she received in relation to the claim from the third party. If it hasn't already done so, I require Liverpool Victoria Insurance Company Limited to pay Mrs B £100 in compensation for the distress and inconvenience this caused her.

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

Sarah Baalham
Ombudsman