

The complaint

Mr O complains about how Watford Insurance Company Europe Limited ("Watford") dealt with a claim he made on his motor insurance policy.

This document has been provided in English and Romanian.

What happened

Mr O had a motor insurance policy with Watford that started in September 2019.

Mr O was involved in a car accident that wasn't his fault. He says Watford didn't settle the claim in his favour and this impacted his no claims bonus (NCB). Watford told Mr O it was unable to get the third party's insurance details so it settled the claim.

Mr O wants Watford to record the accident as a non-fault claim and refund his excess. Because it didn't do this he complained.

Watford said the third-party information received wasn't correct so it undertook investigations to try and find the third-party driver; including requesting the police report and any CCTV that might be available. Watford said it was unable to identify the driver or registration of the at-fault party. Mr O claimed for his vehicle, which was a total loss, and the insurer's file was closed. Since it wasn't able to recover the costs of the claim the incident was recorded as 'fault' and Mr O was notified of the same.

Mr O wasn't satisfied with the response from Watford so referred his complaint to the Financial Ombudsman. One of our investigator's looked into things for him. She said she was satisfied Watford's actions were fair and reasonable so the complaint wasn't upheld.

Mr O didn't agree with the investigator's outcome. He said the evidence showed he wasn't responsible for the accident, and the officer at the scene confirmed this. Mr O says Watford should have viewed the CCTV footage in order to get the at-fault driver's number plate. He says he's paid a lot of money for car insurance over the years and he is being penalised for an incident that wasn't his fault. The impact of which has been significant.

Because Mr O didn't agree the complaint 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.

Having done so, I'm not upholding it. I know Mr O will be disappointed with my response so I'll explain why.

Liability

I can see this incident and its consequences have had a significant impact on Mr O. I've no doubt he's done all he can to try and prove his claim and acted in good faith when reporting the matter to his insurer. I can understand why he thought his testimony and the accident circumstances would be enough to prove the third-party was at fault. And when Watford were unable to locate the third-party and the claim was recorded as a fault claim this would have both shocked and upset him.

In the terms and conditions of the insurance policy, Watford is able to, *"take over and conduct the defence or settlement of any claim."* And this is what it's done here. Because of this Watford doesn't need Mr O's agreement or approval to deal with the claim.

Watford has provided evidence that it attempted to obtain the details of the third-party driver but was unable to. It confirmed it attempted to obtain CCTV but it didn't exist. Watford also requested the police report during the course of its investigation. Unfortunately, despite its efforts, Watford was unable to locate the third-party driver.

I've considered the information provided to me. I empathise with the position Mr O now finds himself in. Unfortunately I don't think that's due to Watford and its handling of the claim. It took steps to try and identify the at-fault party, so I'm satisfied it carried out a fair and reasonable investigation.

Excess and no claims bonus (NCB)

Mr O wants Watford to reimburse him for his excess. But the policy says the excess is, *"the part of the claim that you must pay."* This means Mr O's excess is always payable where he is making a claim on his policy. Terms like these are commonly used in the industry and I think its use is fair and clear here.

In a situation like that described by Mr O, when he's suffered damage to his car, is that he is required to pay his excess to his insurer. The insurer pays for the repairs to his car – or, in this case, the total loss of the vehicle. If a third-party is involved the insurer can seek to recover the money from them. And if it successfully recovers its money, the insurer can refund the excess to the policyholder, if the terms and conditions allow. But because Watford were unable to identify and locate the third-party driver there is no-one to recover the costs from. And so Mr O won't receive his excess back.

Mr O's policy says, *"If you make a claim, or a claim is made against you during the period of insurance, your no claims bonus will be reduced."* And since a claim was made against the policy Watford have reduced the NCB. I know Mr O feels strongly about this since he wasn't to blame for the accident. But the only way the claim wouldn't affect his NCB would be if Watford had recovered its money in full, and this hasn't happened here. So the NCB was reduced correctly and in line with the terms of the policy.

Recording of fault claim

Mr O made a claim on his insurance policy for the damage to his car. This has led to an increase in the cost of his insurance since claims history is a factor when an insurer calculates its premium. Mr O made a claim on his policy, the cost of which couldn't be recovered by his insurer. This is recorded as a fault claim and often affects the price of subsequent insurance; this is used by insurers on a central database to recognise whether costs were recoverable or not under a claim. So while I understand Mr O is upset by this, its standard practice by insurers and I don't think Watford has done anything wrong here.

Conclusion

I have considered the comments made by Mr O after our investigator sent her view. And I see why he feels the way he does. He has complied with his legal requirement to have an insurance policy in place and provided clear and compelling testimony about the incident and what happened. So I can understand why he thought his insurer would protect his interests here. But, as explained, Watford has acted within the terms of the policy and so I can't say it's done anything wrong in its handling of the claim.

I know my decision will come as a disappointment to Mr O. And I want to assure him I have considered everything he has told us. But Watford have acted within the terms of the policy, and I don't think it has acted unfairly or unreasonably here.

My final decision

For the reasons explained above I'm not upholding the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 19 August 2024.

Kiran Clair
Ombudsman