

The complaint

Mr O complains that U K Insurance Limited (“UKI”) held him to be at fault for a claim and as a result the premium for his motor insurance increased by £700.

What happened

Mr O was involved in an accident where he hit the rear of another car. The third party made a claim to UKI in early November 2023.

UKI accepted the third-party claim for damage to their vehicle and personal injury. It wrote to Mr O in December 2023 confirming he would be held at fault for the accident. Mr O replied, expressing concerns about the claim. UKI tried to call him and when this was unsuccessful, sent an email to him.

Mr O called UKI in March 2024. He said there was minimal impact, there was no damage to his car and the other car had pre-existing damage. He said they were exaggerating the damage and injury and thought this was fraudulent. He was unhappy that UKI had accepted the claim, and said UKI had not replied to the email he had sent in December 2023.

In its response, UKI told Mr O it is able to take over and deal with a claim on his behalf. But having reviewed the claim, UKI said it wouldn’t settle the third-party’s claim due to concerns about whether the impact would have caused the level of damage and injury claimed.

UKI said it should have reviewed the claim more quickly, apologised for the delay and paid £100 compensation.

Mr O remained unhappy. He had renewed his insurance and the premiums had increased; he says UKI handled his claim poorly and he’s had to pay a higher premium as a result.

When he referred the complaint to this Service, UKI offered to pay a further £150 in compensation to resolve the complaint. Our investigator said the offer was fair; it was for UKI to decide how to deal with the claim, but it should have dealt with the claim sooner and the additional compensation was a fair reflection of the distress and inconvenience caused.

UKI accepted the investigator’s view but Mr O disagrees and has requested an ombudsman’s decision.

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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly, and support a policyholder to make a claim.

The policy provides cover for claims made against Mr O by a third party. The terms say UKI is entitled to take over and carry out the negotiation, defence or settlement of any claim. That’s not unusual and motor insurance policies generally allow the insurer to decide how

deal with a claim. But they still need to act fairly.

Mr O accepted that he had hit the rear of the vehicle in front of him. Where someone does that, they would generally be held to be at fault. So when the third party made a claim against Mr O, it was reasonable to take the view he was at fault.

UKI wrote to Mr O on 12 December 2023. He replied on 15 December with concerns about the claim. UKI tried to call him a few days later and when this was unsuccessful, wrote to him the same day. It didn't hear from him again until March 2024, when he called to discuss his concerns.

After reviewing the claim, UKI told the third party it didn't accept that the impact of the accident would have caused the amount of damage and injury being claimed. That doesn't mean Mr O was not at fault for the accident; rather, that UKI is not satisfied he caused the amount of damage or injury alleged. UKI didn't hear back from the third party but if they do pursue it further, it will need to consider any further evidence and advise Mr O of any further decision.

It is ultimately for UKI to decide how to settle the claim. UKI has accepted there was some delay, and it's unfortunate for Mr O that his policy came up for renewal while the claim was being dealt with. But, given that he had hit another vehicle and a claim was made, it's likely his premium would have increased in any event. And the claim may still be settled if UKI hears from the third party again.

The delays were, however, upsetting for Mr O and caused him some inconvenience. Thinking about the timescale involved and the upset caused to Mr O, I think compensation of £250 would be fair. So UKI should make the further payment offered of £150.

My final decision

U K Insurance Limited has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that U K Insurance Limited should pay £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 3 December 2024.

Peter Whiteley
Ombudsman