

The complaint

Mr M complains about how his insurer, West Bay Insurance Plc (West Bay), dealt with a third party claim made against him under his motor insurance policy.

References to West Bay in this decision include their agents.

This decision covers Mr H's complaint to this Service about West Bay, as the insurer of his policy. It doesn't cover the broker involved with the policy (K). References to K in this decision are intended to provide context for what happened in this case.

What happened

In December 2023 West Bay contacted Mr M by email to say they'd been notified by a third party insurer of an incident they said involved Mr M's vehicle, and a claim against Mr M. West Bay asked Mr M for any information about the alleged incident, using a link and access code to an online portal, for West Bay to prepare their own report and respond to the third party insurer. Mr M was suspicious of the email, thinking it could be a scam, so didn't respond. He tried calling West Bay (and his broker, K) but couldn't get through to them.

Mr M received a second email a few days later, again asking him to provide a report about the incident as a matter of urgency and if West Bay didn't hear from him, they would settle the third party claim. Again concerned the email could be a scam, he didn't respond to the link requested. Mr M knew he hadn't been involved in any incident on the date mentioned by the third party insurer, as his vehicle hadn't left his garage that day.

Mr M managed to contact K, who asked for any evidence to support his position. K contacted West Bay to provide Mr M's denial of any involvement with the alleged incident. West Bay subsequently emailed Mr M again at the beginning of January 2024 saying they would proceed to settle the third party claim. Following discussion with K, Mr M was told the third party insurer hadn't responded to West Bay about the claim, so West Bay considered there was no valid claim. West Bay then emailed Mr M at the beginning of February 2024 to say they had repudiated the claim and removed the incident from the Claims Underwriting Exchange (CUE) database and allowing his Claims Discount (NCD) to continue.

Mr M then complained to West Bay. He said he wouldn't expect to be contacted by West Bay directly, in a way that made it appear it was a scam. This caused him upset and worry over Christmas and New Year. He was also unhappy at West Bay then proceeding to settle the claim within two weeks of the initial email notifying him of the third party insurer claim. While accepting mistakes could happen (with the vehicle registration number) it was unfair for West Bay to settle the claim without any further information about the alleged incident. As no further evidence had been received about the alleged incident, Mr M thought the claim fraudulent or vexatious and should be followed up as such. Mr M wanted reimbursement of what he'd paid (for the policy) and compensation for what had happened and how West Bay had handled the claim.

West Bay upheld the complaint in part. In their final response (March 2024) they said they received notification of a claim from the third party insurer and were obliged to investigate.

They followed their automated process, providing a link for Mr M to register and provide a report on the alleged incident. Mr M's broker had contacted them towards the end of December 2023 to deny any involvement in an accident by Mr M, and again at the start of the New Year. West Bay asked the third party insurer for further details of the alleged incident, under cover of a 14-day closure letter. As no response was received, the claim was repudiated at the beginning of February 2024 and removed from the CUE.

West Bay said K should have made Mr M aware of the automated system for providing a report about the alleged incident and either transferred him to their First Notification of Loss team or provided a telephone number for Mr M to contact them directly. West Bay had to be able to prove Mr M wasn't involved in the alleged incident. A claim had to be kept open for six months pending a third party claim, so West Bay didn't think they'd acted unfairly and had followed their correct process.

However, West Bay acknowledged the distress such a situation could cause and that they should have tried to contact Mr M following K telling them Mr M denied any involvement in the alleged incident, to explain who they were and their process, to set expectations. West Bay apologised for any distress caused, as well as for the difficulty Mr M experienced when trying to contact them. West Bay said they were experiencing much higher volume of calls. In recognition of this, West Bay awarded £150 in compensation.

Mr M challenged West Bay's final response, to which they issued a further response in April 2024. They reiterated their view that normally where a policyholder had been in an accident they would have expected them to contact their broker to make a report, who would likely refer the policyholder to West Bay, who would take further details. In this case, no incident was reported as Mr M hadn't been involved in the incident.

However, as West Bay had received notification from the third party insurer an incident had taken place involving a vehicle with Mr M's registration, they were obligated to investigate, regardless of what information had been provided. K advised he hadn't been involved in any incident, so West Bay would then ask Mr M to provide any evidence, to enable them to refute the third party insurer, should they pursue the matter. West Bay had contacted the third party insurer to request further evidence and information to support their allegations. As no response was received, West Bay closed the claim and removed details from the CUE.

Mr M then complained to this Service. He remained concerned the claim made against him was fraudulent. West Bay had been provided with no evidence to support the third party claim but contacted him in a way that appeared to be a scam. He was expected to provide evidence his vehicle wasn't involved in the incident, without being provided with any details of the alleged incident. He'd found it difficult to contact West Bay, over the Christmas and New Year period (and K). He also didn't think West Bay had properly answered his concerns about the alleged incident and why he was asked to provide evidence, when no evidence was provided to support the third party claim. He wanted West Bay to reimburse him for the cost of the policy (£279.55).

Our investigator didn't uphold the complaint, concluding West Bay didn't need to take any action. West Bay had an obligation to investigate and deal with claims, including those lodged by a third party (or a third party insurer). Having received a claim, West Bay took steps to investigate, notifying Mr M and asking him (and the third party) for more information. At the initial stage of investigation, an automated approach wasn't unusual, although the investigator appreciated Mr M's concern the email (and link) from West Bay could be a scam. And in the initial stages of a third party claim, only some details might be provided. Mr M had acted promptly to let his broker know he was not involved in the alleged incident. West Bay followed up with the third party insurer and, when no evidence to support the claim was received, closed the claim, and removed it from the CUE.

West Bay's automated process generated further emails to Mr M, which the investigator thought unfortunate, given his concerns they could be part of a scam. West Bay had accepted it would have been better for them to have contacted him by phone at an early stage, to reassure Mr M and set expectations. The investigator thought West Bay's award of £150 compensation was fair in the circumstances.

Mr M disagreed with the investigator's view and asked that an ombudsman consider the complaint. While accepting West Bay's offer of £150 compensation, they hadn't responded to his concern they should investigate the third party claim as fraudulent, which he thought they should have done (not simply close the claim and remove record of it from the CUE).

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.

My role here is to decide whether West Bay have acted fairly towards Mr M.

The key issue in Mr M's complaint is how West Bay handled the claim from the third party insurer, concerning an alleged incident in which he had no knowledge or involvement. He's unhappy at the approach from West Bay, thinking it could be a scam, and then saying they would settle the claim. He's also unhappy at the difficulty contacting West Bay. West Bay say they are obligated to investigate a claim, including ones made by a third party (or insurer). They followed their automated process in doing so. But they acknowledge they should have contacted Mr M to explain the process and reassure him. They acknowledged the distress and inconvenience caused to Mr M, awarding £150 compensation.

The other key issue for Mr M, including in his response to our investigator's view, is that he thinks West Bay should have investigated the claim from the third party insurer, believing it was fraudulent. He doesn't think it's sufficient simply to repudiate the claim and remove details from the CUE.

On the first issue, I've looked at the sequence of events from West Bay initially contacting Mr M in December 2023 about the claim they'd received from the third party insurer. I can see subsequent exchanges between Mr M, K and West Bay later that month, in which Mr M denies any knowledge or involvement in the alleged incident, saying his vehicle didn't leave his garage all day on the date the alleged incident is said to have happened. I can also see West Bay responding to the third party insurer, at the beginning of January 2024, asking for details of their driver allegedly involved (without this the claim would potentially then be directed to the Motor Insurers Bureau under the Untraced Drivers Agreement) as well as more details of the alleged incident, details of Mr M's vehicle and any police involvement, witnesses or copy of their report. At the same time, West Bay asked (through K) for any evidence from Mr M his vehicle was in the garage all day, and images of the vehicle showing no damage.

West Bay say they are obligated to consider and investigate any claim they receive, not just from a policyholder, but for a third party (or their insurer). This is standard practice in insurance cases, so it's not unreasonable for them to have approached Mr M (or K) to obtain their version of events or – as in this case – to refute any involvement in an alleged incident.

West Bay also say they were following their standard approach, involving automated emails with links to a portal to record a response. It isn't for this Service to determine how the operational processes of an insurer should operate but using an online approach of itself isn't unreasonable. However, I can understand why Mr M was concerned that an unsolicited

email with a link might be a scam, should he click on the link (with the attendant risks). West Bay acknowledge it would have been better for them, at least after Mr M (through K) had refuted any involvement in the alleged incident. I agree, and West Bay not doing this would have been stressful to Mr M, particularly given the difficulties he had contacting West Bay (which they also accept and acknowledge).

So, I've concluded West Bay didn't act fairly and reasonably in this respect.

I can also see West Bay, having received Mr M's denial of any involvement in the alleged incident, further contacting the third party insurer in mid-January 2024 asking for full Road Traffic Act information, including location of the alleged incident, any independent evidence (such as witnesses, images or dashcam footage). Failing a response within 14 days, they would close their file. Receiving no response, West Bay closed the claim and removed details from the CUE at the beginning of February 2024.

I think these actions were reasonable and what I'd have expected West Bay to do in the circumstances – challenge the third party to provide evidence to support their claim and, when not received, close the claim (the file) and remove details from CUE. Effectively, putting Mr M back into the position he was before the claim was raised.

However, I agree the incident was stressful for Mr M, given he had no knowledge of any incident. It would have been concerning to receive the emails he did, and then be unable to contact West Bay (or K) initially, while receiving further automated messages. Had West Bay contacted him directly, as they accept they should, they could have reassured Mr M about what was happening and set his expectations for the proves they were following. Not doing so caused him avoidable distress and inconvenience.

Having reached this conclusion, I've considered what West Bay should do to put things right. Having acknowledged their shortcomings, they awarded £150 compensation. Taking account of the circumstances of the case alongside the published guidance from this Service on awards for distress and inconvenience, I've concluded £150 compensation for distress and inconvenience is fair and reasonable. So, I won't be asking West Bay to make a further award (I also note Mr M has accepted the compensation award)..

On the second issue, I can understand why Mr M feels strongly the third party claim was fraudulent, so something West Bay should investigate and pursue with the third party (the third party insurer). However, having put Mr M back in the position he was before the claim, what action West Bay should take about the claim is an operational matter between them and the third party [insurer]. It could be the claim was the result of a mistake (for example, an incorrect registration was used). And my role here is to decide whether West Bay have acted fairly and reasonably towards Mr M – not whether they've acted fairly and reasonably towards the third party insurer.

So, I'm not going to ask West Bay to take any further action in this regard.

My final decision

For the reasons set out above, it's my final decision not to uphold Mr M's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 December 2024.

Paul King
Ombudsman