

The complaint

Mr C complains Highway Insurance Company Limited (Highway) settled a third party claim under his motor insurance policy.

What happened

In July 2023 Mr C was contacted by the police as it was alleged his vehicle had been involved in an accident involving another vehicle. In September 2023 Mr C was made aware by the police it wasn't looking to take any further action. In January 2024 Highway contacted Mr C as it had been told by another insurer Mr C had been involved in an accident involving another vehicle. Mr C told Highway he hadn't been involved in an accident and provided his correspondence with the police. Following investigation into the claim, Highway told Mr C it would be unable to defend the third party claim and so would be looking to settle it. Mr C didn't think this was reasonable and so raised a complaint.

Highway sent Mr C a final response to his complaint on 24 April 2024. It said it had considered the evidence provided and it had insufficient evidence to defend the third party claim. It said its engineer had reviewed the engineer report and images of both vehicles and had concluded it was possible the vehicles had collided in the way the third party had alleged and there was insufficient evidence to defend the claim if it went to court. Highway said it was entitled to settle the third party claim in line with the terms of the policy. It said it should have handled Mr C's claim better and kept him better updated and so paid £100 compensation. Mr C didn't think this was reasonable and so referred his complaint to this Service.

Our investigator looked into things. She said she thought Highway had carried out a thorough investigation into the claim and had considered all evidence available to it. She said she thought Highway were entitled to settle the claim in line with the terms of Mr C's policy.

Mr C didn't agree with our investigator's view. He said he wasn't at the location the third party insurer said an incident occurred, and this had been accepted by the police. Therefore Highway should be able to defend the claim.

As Mr C didn't agree with our investigator, 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.

I want to acknowledge I've summarised Mr C's complaint in less detail than he's presented it. I've not commented on every point he has raised, instead I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr C and Highway I've read and considered everything that's been provided. I've considered the key points separately.

Liability

I should first explain that it isn't the role of this Service to say who is at fault for causing an accident as that is the role of the courts. Our role is to look at whether Highway carried out a fair investigation, reviewed all the evidence it has and has come to a reasonable decision.

The terms of Mr C's policy allow Highway to take over and conduct the defence or settlement of any claim made under the policy. So it was entitled to settle the claim on what it believed to be the best terms and it had the final say in how to settle a claim. However it needed to exercise this right fairly and reasonably, taking into account everything both parties have provided.

I can see Highway's engineers have reviewed the engineer report and photographs of the damage to both vehicles. They have said given the overall poor condition of Mr C's vehicle it is difficult to say what is consistent with damage to the third party vehicle. However they have also said it is possible the two vehicles have collided in the way the third party had alleged and given there is blue paint transfer on the third party vehicle, it wouldn't be able to defend its position should the claim go to court. Highway said it also considered the location of the accident given by the third party insurer and the revised police location, along with what Mr C has said about where he was on the day of the accident, and concluded it was likely Mr C was in the area.

I don't think Highway have made an unreasonable decision based on the evidence available to it. It has taken advice from a motor expert and considered all of the evidence available to it and concluded an accident more than likely took place. It has also considered the likely outcome should the claim be presented to a judge which I think is reasonable.

Mr C has said Highway should defend the claim because he has already shown he wasn't in the location the third party originally said the incident took place.

Under the terms of Mr C's policy Highway aren't obliged to defend the claim and have a right to settle it as they see fit. As explained Highway have taken into consideration the original location provided by the third party and the revised police location when making its decision. And given the evidence shows an accident more than likely took place, I think it was reasonable for Highway to settle the third party claim and the discrepancy about the location doesn't make its decision unreasonable in the circumstances.

I know Mr C feels strongly no collision took place and it's unreasonable for his no claims discount to be impacted. However I don't think Highway have acted unreasonably in the way its agreed to settle the claim.

Customer service

Highway have said it should have handled Mr C's claim better and kept him better updated. It has offered £100 compensation for the distress and inconvenience caused by its errors. I've considered whether this compensation is reasonable to acknowledge the impact on Mr C.

I can see Mr C wasn't made aware Highway had arranged an inspection on his vehicle and so he had to spend time contacting Highway to ask about this. I can also see Mr C has spent time contacting Highway for updates on his claim. I think this has caused Mr C unnecessary inconvenience which could have been avoided had Highway kept him appropriately updated. I think the £100 compensation Highway have paid to acknowledge the minor distress and inconvenience this caused is reasonable in the circumstances and in line with what I would have expected them to have offered. Therefore I don't require it to pay any further

compensation.

My final decision

For the reasons I've outlined above I don't uphold Mr C's complaint about Highway Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 February 2025.

Andrew Clarke
Ombudsman