

The complaint

Mr M complains about U K Insurance Limited's handling of a claim under his car insurance policy.

Mr M has been represented by his son in this complaint, but for ease of reference, I shall refer to anything Mr M's representative said on his behalf, to have been said by Mr M.

What happened

Mr M took out a car insurance policy with U K Insurance Limited (UKI) in April 2022. In February 2023 he was involved in an accident with a third-party and he informed UKI. The third-party made a claim against Mr M's policy.

After UKI requested further information from Mr M about the accident, he complained about UKI's poor communication and its treatment of the third-party claim.

UKI issued a complaint response in August 2023. It said it was unable to defend the claim against Mr M as it hadn't received sufficient information from him. It accepted it had sent him unclear communication on one occasion, and it paid him £75 in recognition of this.

After further communication between UKI and Mr M, he complained again in November 2023. He was still unhappy with UKI's handling of the claim, UKI contacting him by phone when his was not working and its failure to address the damage to his car.

UKI issued a further response in December 2023. It said it had been unable to obtain Mr M's version of events or details of damage to his car, so it had been unable to progress Mr M's claim or defend Mr M against the third-party's claim. UKI accepted it had ignored Mr M's request not to contact him by phone and it paid him £75 in recognition of this.

Mr M was unhappy with UKI's response and referred his complaint to the Financial Ombudsman Service. He felt UKI had mishandled his claim despite his prompt notification of the accident. He was unhappy with the lack of progress and he felt UKI hadn't investigated matters appropriately, including the damage caused to his car. He said the delays had caused him significant stress and inconvenience, affecting his mental health and wellbeing.

Our Investigator didn't uphold the complaint. He felt UKI had tried to progress the claim and kept in touch with Mr M. He felt it was reasonable that an insurer would sometimes need to contact a customer by phone to progress a claim. He didn't feel UKI needed to pay further compensation as it needed information about the accident to determine cover.

Mr M didn't agree. He felt UKI shouldn't insist on contact by phone, and it delayed progression of the claim. He felt UKI's failure to investigate the circumstances and inspect both cars affected his right to compensation. He wanted UKI to progress his claim.

I used a provisional decision. In it I explained why I intended to require UKI to progress Mr M's claim for damage to his car and pay him a further £150 compensation. The provisional decision's reasoning forms part of this final decision, so I've copied it below. Finally, I invited

Mr M and UKI to provide any further comment or evidence they would like me to consider before issuing this final decision.

What I've provisionally 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 should first set out that I acknowledge I've summarised Mr M's complaint in a lot less detail than he has presented it. Mr M has raised a number of reasons about why he's unhappy with UKI. I've not commented on each and every point Mr M raised but, instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Mr M, however, that I have read and considered everything he's provided.

Settling the third-party claim

Mr M told UKI it's unclear which party was at fault. He said he couldn't recall the circumstances, but he felt the third-party claim was not valid.

The Financial Ombudsman Service isn't able to say who's at fault for an accident – that is the responsibility of the courts. Our role is to look at whether UKI has carried out a fair investigation, reviewed the evidence it has, and come to a reasonable conclusion.

The policy terms do give UKI the right to settle the claim how it considers is appropriate, but as outlined above, I've considered if UKI applied this fairly.

In Mr M's email to UKI in March 2023, he accepted it was unclear which party was at fault for the accident. I can see the third-party said Mr M changed lanes and caused the collision. Although Mr M disputed being at fault, I can see he emailed UKI in April 2023 and confirmed he couldn't remember the circumstances of the accident. And in May 2023 he told UKI he couldn't remember if he changed lanes or not.

Given Mr M's uncertainty, I think UKI acted fairly in deciding it was unlikely to be able to defend the claim. Mr M suggested the third-party's claim may not be legitimate, but I've not seen evidence to persuade me this was likely. He's also said UKI didn't investigate the damage to both vehicles, but I've not seen evidence to persuade me this would have changed UKI's decision. So overall, I think UKI acted reasonably in accepting liability for the accident and settling the third-party claim.

Mr M's claim for damage to his car

In response to the Investigator's view, Mr M said he sent UKI a letter in February 2023, shortly after the accident, and he didn't receive a reply from UKI at that time. He's said this is possibly why UKI failed to progress the claim for damage to his car.

I've not seen a copy of this letter, or evidence of postage and I've not seen what address it was sent to. And Mr M in his email to UKI on 7 March 2023, refers to this letter, accepting he's not sure if UKI received it. UKI's notes indicate it has no record of this letter, so I'm not persuaded UKI did receive it, and I don't think UKI caused delay here.

I can't see that Mr M mentioned damage to his car, or his intention to claim for this, in

his communication with UKI in March 2023.

In June 2023, he told UKI there was damage to his car, but he did so to explain the accident was very minor. But I can't see he told UKI he wished to claim for damage to his car. From what I've seen, it wasn't until August 2023 that Mr M first made UKI reasonably aware of his intention to claim for damage to his car.

UKI's notes from September 2023 show it needed some more information, including Mr M's use of the car at the time of the accident. But I think UKI ought to have obtained this information following Mr M's contact in August 2023. And I can't see that UKI contacted Mr M for this information, in the way he'd requested, until November 2023. I think there was some delay and poor service here, which would have caused Mr M some avoidable distress.

I can see Mr M sent UKI the information in November 2023, and UKI accepts it didn't do anything since, despite Mr M having comprehensive cover and being able to claim for damage to his car. I think this has caused significant delay in Mr M's claim for damage to his own car, and I think continuing to use his car with the damage still present, would have caused him distress and inconvenience over a significant period of time. Mr M told UKI in June 2023 he considered the incident to be very minor, given the damage to his car. So I don't think the damage left Mr M without use of his car.

UKI has since agreed to progress this claim, and has said Mr M can confirm if he's happy for his details to be passed to one of its repairers, or he can let UKI know if he wants to use his own repairer.

Fair compensation

UKI has already accepted it sent unclear communication to Mr M, and that it ignored his requests for written contact. I think it has appropriately compensated Mr M for these points, so I won't be considering them further.

But, in delaying the settlement of Mr M's claim for damage to his car, I think UKI acted unfairly. I've not seen evidence to persuade me this had a significant impact on Mr M's mental health, but I accept it would have caused Mr M distress, inconvenience and frustration. Keeping in mind what Mr M has said about the minor nature of the accident, I think UKI should pay him a further £150 compensation for the distress and inconvenience caused, on top of the £150 it has already paid him so far.

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.

As this is an informal service, I'm not going to respond here to every point Mr M made through his representative, in response to the provisional decision. Instead, I've focussed on those I consider to be key or central to the complaint. But I would like to reassure Mr M that I've considered everything he's provided.

Mr M raised concerns about the validity of the third-party's claim. He also questioned the amount claimed by the third-party and said UKI hadn't provided him evidence of the third-party's vehicle condition. As I explained in my provisional decision, UKI has the right, under the policy terms, to settle the claim how it considers appropriate. I also explained I'd not seen evidence to persuade me the third-party's claim was likely not legitimate, and that UKI acted fairly in deciding it was unlikely to be able to defend the claim.

I don't consider UKI was required to provide Mr M with the evidence of the third-party's vehicle condition. And I explained in my provisional decision I'd not seen evidence to persuade me UKI investigating the damage would likely change its position.

Mr M felt the third-party broke the law and he questioned the court's actions in relation to the third-party's claim. It's not the role of the Financial Ombudsman Service to judge whether a party has breached the law. That's for the courts to assess and I won't be making any findings on whether any law was breached. The Financial Ombudsman Service doesn't have jurisdiction over the courts, so I won't be considering Mr M's comments on the court.

Mr M said he sold his car due to the time UKI had taken. He hasn't provided details of the sale, but in considering what's fair, I've reviewed whether he was likely to have incurred loss due to UKI's delay. In considering this, I can see Mr M's car failed its MOT in November 2023, with two dangerous defects, three major defects and two minor defects noted, along with a number of other advisories. So I think there were other major issues with his car, that were likely to affect his car's value, and the amount he was likely to receive on any sale.

Mr M has also said the damage to his car was very minor. Keeping in mind the likely market value of his car, given its age and mileage, I'm not persuaded the delay by UKI caused him loss. I'm also conscious that had UKI progressed Mr M's claim and proceeded with repairs, he'd have had to pay his policy excess of £250. And I'm not persuaded that any loss Mr M may have suffered, would likely have been more than his policy excess.

Mr M said UKI should put him back in the position he would have been in had his claim been progressed in a timely manner. Given he has sold his car, I don't think this is possible. And I've explained above why I think it's unlikely he suffered a loss as a result of UKI's actions.

I explained in my provisional decision UKI acted unfairly in delaying Mr M's claim, and this would have caused him distress, inconvenience and frustration. Having reviewed all the information, I'm still satisfied that a further £150 compensation, on top of the £150 compensation UKI has already paid, is fair in the circumstances. So I won't direct UKI to pay more than this.

My final decision

For the reasons given above, I require U K Insurance Limited to:

- Pay Mr M a further £150 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 December 2024.

Monjur Alam
Ombudsman