

## **The complaint**

Mr V complains that Watford Insurance Company Europe Limited (“Watford Insurance”) has treated him unfairly in relation to a third-party claim made against his motor insurance policy.

## **What happened**

Mr V lent his van to a friend in 2023. Sadly, around the same time, Mr V’s father passed away. Throughout the time Mr V was dealing with the bereavement his vehicle remained with his friend.

A few weeks later, Mr V started to receive letters from a law firm acting for his insurer, regarding an accident involving his vehicle. He spoke to his friend, who assured him that there’d been no accident. His friend believed there was a fraudulent claim being made involving a motorbike, and provided Mr V with details of a temporary insurance policy he’d taken out on the vehicle.

Mr V says he got in touch with the law firm and his insurer to inform them of what his friend had told him. And that he had provided them with his friend’s contact details so it could properly investigate the claim and obtain Mr V’s friend’s account of the events.

In July 2024 Mr V received a letter from Watford Insurance seeking to recover costs of over £14,000. So he made a complaint. He said Watford Insurance had carried out no investigation and had simply billed him without contacting him or the driver of his van, despite the fact it was a staged claim with no evidence of damage to the other vehicle or the van and no injuries.

In its response to the complaint, Watford Insurance said the policy didn’t cover any injury, loss or damage which occurred while the car was being driven by someone who wasn’t a named driver under the policy. It added that the insurance cover taken out by Mr V’s friend wasn’t in place on the date of the alleged incident. And that ultimately, Mr V had left the vehicle in the possession of someone who had driven it without insurance, so it was obliged to settle the claim and recover its costs from Mr V.

Because Mr V didn’t agree with Watford Insurance’s response, he referred his complaint to this service. He said Watford Insurance failed to support him and take into consideration the issues he’d raised, despite him explaining that he’d lent the vehicle in good faith.

Our Investigator considered the complaint, but didn’t think it should be upheld because Watford Insurance hadn’t acted unreasonably in taking over and settling the claim and in trying to recover its costs from Mr V. Mr V didn’t accept our Investigator’s view, so the complaint has now come 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've decided not to uphold this complaint. I'll explain why.

Watford Insurance has relied on the following policy exclusion in order to decline the claim:

*"This policy does not cover the following:*

*1. Any injury, loss or damage occurring while Your Vehicle is being:*

*a) driven by, or is in the charge of any person not shown on Your Certificate of Motor Insurance"*

The above insurance term isn't unusual. It means Watford Insurance will only provide cover for the drivers named on the insurance certificate and in this case, the driver at the time of the alleged incident was Mr V's friend and not someone named under the policy.

I've considered the temporary insurance purchased by Mr V's friend when he had Mr V's van in his possession. But this insurance only covered two weeks in October 2023 – and the date of the alleged incident was 2 November 2023. So I'm satisfied Mr V left his van in the possession of a person not named under his policy, who then drove the vehicle without insurance. Because the only insurance in place at the time of the alleged incident was Mr V's policy with Watford Insurance, the insurer said it had a duty under the Road Traffic Act 1988 (RTA) to deal with the third-party claim.

Mr V has concerns about how the claim from the third party has been handled by Watford Insurance. He's said that liability was accepted without a proper investigation. But I've considered carefully the chain of correspondence between the parties. And I can see that Watford Insurance sent several letters to Mr V, enclosing the claim form, which was never returned. It also said that if Mr V didn't respond, Watford Insurance would settle the claim.

Questions relating to the incident were asked in correspondence, and these weren't responded to, either by Mr V or by the driver. So I'm satisfied that Watford Insurance was left in a position where it couldn't reasonably defend the third-party claim. Whilst Mr V believes there was no evidence to show damage to a vehicle or any injury, I've seen the third-party inspection report which highlights the damage to the third-party vehicle and there is also information that has been provided about the injuries sustained. It's not my role to determine whether or not this was a staged claim. But from all the information I've seen, I've found that as no description of the events was put forward despite Mr V being asked repeatedly for this information, Watford Insurance couldn't have defended the claim. And so I'm persuaded that it didn't act unreasonably in settling the claim and telling Mr V it would be recovering its costs from him, as it's entitled to do under the policy terms. These state: *"If under the laws of any country in which this insurance applies, We have to make payments which but for those laws would not be covered by this Policy, You must repay the amounts to Us"*.

Mr V has said his insurer didn't take into account his vulnerability, given that the notification of the alleged incident was received at a difficult time after his father had died suddenly in tragic circumstances. And that when he told his insurer about this, they didn't acknowledge it or care. I've considered what he's said and also the points he's raised about the Consumer Duty, and that he believes Watford Insurance didn't adhere to the regulations as they didn't take steps to ensure good customer outcomes. But these points don't persuade me that Watford Insurance treated Mr V unfairly. I think it gave Mr V several opportunities to respond providing detail about what happened on the date of the alleged incident, but I can't see that Mr V or his friend offered the required details. So, whilst I don't doubt what Mr V is saying and it's possible Watford Insurance could've shown more empathy towards Mr V at this difficult time, ultimately, it didn't have enough information to defend the third-party claim, so I'm satisfied that it didn't do anything wrong in relation to its overall handling of the claim.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 5 January 2025.

Ifrah Malik  
**Ombudsman**