

The complaint

Ms M complains about U K Insurance Limited trading as Direct Line's (UKI) handling of a motor insurance claim.

What happened

Ms M held a motor insurance policy with UKI. In 2021 she was involved in a collision with a third party and made a claim on the policy. She told UKI she thought the third party was at fault for the collision.

In 2023, Ms M was told by UKI that it had recorded a fault claim against her. Ms M was unhappy about this and complained to UKI. She disagreed with the decision saying she was at fault for the collision and said there had been delays in the handling of the claim. UKI accepted there had been unnecessary delays and it hadn't obtained evidence Ms M had said was available. It offered £350 compensation for its poor service. However, it said it believed the decision to record a fault claim against Ms M was fair.

Ms M remained dissatisfied and referred her complaint to our service. Our investigator thought the offer of compensation was fair and the decision to record a fault claim was reasonable. Ms M disagreed and asked for an ombudsman's decision.

My provisional decisions – and the responses

I've issued two provisional decisions in respect of Ms M's complaint. In respect of the compensation offered for poor service, I said:

UKI's admitted its handling of the claim wasn't up to the required standard, and has offered £350 compensation to recognise this.

It seems that the elements of the poor service Ms M complained about are the same as have been acknowledged by UKI, so I won't explore these in significant detail. UKI admits that Ms M had provided information about what had happened, including the possibility of obtaining CCTV footage, but it didn't pursue those lines of enquiry. It's also said that Ms M should have been better informed during the course of the claim, particularly in respect of its assessment of liability, the enquiries it was carrying out and the decision to record a fault claim against her.

On that basis, I've considered whether I think the £350 compensation offered is adequate. I think it is and is in line with what I'd have recommended if UKI hadn't acknowledged its poor service or offered to pay compensation. Ms M had taken the time to establish what evidence might be available to assist with the claim and informed UKI of this. She had an expectation UKI would act on that, including obtaining the CCTV footage. UKI admits that didn't happen, but it should have. On finding out no action had been taken, Ms M would have been upset and confused about why she'd been asked to provide information if it wasn't going to be acted on. She'd have, not unfairly, linked that inaction to the decision to hold her at fault.

In addition, UKI had determined a fault claim should be recorded but that wasn't communicated to Ms M in a timely manner. She only found out about this some time later, causing her additional upset, particularly as she'd been led to believe in her initial contact with UKI that the third party would be considered to be at fault.

For these reasons, I think a not insignificant level of distress and inconvenience was caused by the actions (or, more accurately, inaction) of UKI. While Ms M was unaware for some time of the poor handling of her claim, on finding it out it would have been distressing and confusing for her. On balance, I think £350 appropriately recognises the impact on her of UKI's poor service.

In my first provisional decision, I went on to say that I believed UKI's decision to record a fault claim against Ms M hadn't been reasonable. This was based primarily on the lack of evidence which had been provided to show why UKI had accepted the third party's account, as we'd been told no claim had been pursued and no phone call completed between the third party insurer and the third party to get their account.

In response to the provisional decision, Ms M said she accepted my conclusions. UKI provided further evidence, in the form of a statement and diagram completed by the third party and provided to their insurer. UKI said it was in light of the content of the statement and information provided that it recorded a fault claim against Ms M.

Having considered the evidence provided by UKI, I was no longer minded to uphold Ms M's complaint about the liability decision. I said:

My primary reason for upholding Ms M's complaint about the liability decision was that UKI appeared to have made the decision to record a fault claim against Ms M despite the third party not providing any formal evidence to their insurer to support why they believed Ms M was at fault.

However, UKI's now provided a statement and diagram completed by the third party around a week after the incident. This says Ms M pulled into the lane and didn't leave them enough space to stop. Their account doesn't dispute the basic facts which were known, that Ms M joined the lane and they hit the rear of her car. What is disputed is whether she left enough space when she joined the lane.

There remains the issue that Ms M notified UKI that CCTV footage was available but it didn't act to obtain this. However, the failure to obtain the footage doesn't mean UKI wrongly recorded a fault claim against Ms M. As I said previously, I can't be sure that the footage would have recorded the collision or assisted in determining fault one way or the other.

As UKI was provided with evidence to support the third party's account, that means my primary reason for upholding Ms M's complaint is no longer supported by the evidence. UKI says that in light of that statement, and the evidence of Ms M, the liability dispute would come down to Ms M's word against the third party's. Without any further evidence, it considered a court would be most likely to say liability should be split 50/50. If that was the case, then a fault claim would be recorded against Ms M.

I think this is a persuasive argument. I can't say that either Ms M's or the third party's account is more plausible than the other. Ms M believes she left enough space, and the third party had signalled for her to join the lane and then accelerated, whereas the third party says Ms M joined the lane and there was insufficient space to stop. There's nothing which can say whether Ms M left enough space and in those

circumstances, I think it was reasonable for UKI to conclude the best likely outcome was a split in liability which would result in a fault claim being recorded. So it acted reasonably in recording that fault claim.

Claims in motor insurance involving third parties motor insurance aren't binary, with one party always having to accept all of the fault. If the parties agree both were partially at fault, the liability will be split. I think that if UKI had pursued the matter further with the third party insurer, the only reasonable next step would have been to refer the matter to court. There would have been not insignificant costs in doing so without any guarantee of success. I think it took a reasonable decision in recording a fault claim in all the circumstances.

I went on to observe however, that UKI should have explained how it reached its decision more clearly. I said:

The explanations provided were quite generic, and didn't cover the evidence which had been obtained, how this had been assessed and why it had recorded a fault claim against her. If it had done so, I think she'd have been clearer as to why a fault claim had been recorded. While I can't say she'd have accepted the outcome, I do agree she'd have been better informed as to the process for recording fault claims and the reason why, in a dispute of this nature, UKI had recorded a fault claim rather than pursuing the liability dispute.

I think therefore that UKI should pay Ms M an additional £150 compensation to recognise its poor communication about how it had reached the liability decision, including the evidence it had relied on in making that decision and the impact of that evidence.

UKI accepted the findings of my second provisional decision. Ms M didn't respond.

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.

UKI accepts my findings, while Ms M hasn't responded so I don't have any additional points or evidence to consider.

However, I have reviewed all of the information available to me, and I remain satisfied that the outcome I suggested in my provisional decision is fair.

The compensation offered by UKI for the poor service no longer seems to be in dispute but I believe this to be appropriate.

While UKI made a reasonable decision to record a fault claim in light of the evidence, it should have given a clearer and more detailed explanation to Ms M for how it had reached that outcome. To recognise the additional distress and inconvenience caused to her, UKI should pay £150 compensation.

My final decision

I uphold Ms M's complaint in part. In order to put things right, U K Insurance Limited trading as Direct Line must pay Ms M £150 compensation. It must pay this amount within 28 days of us telling it Ms M accepts this decision. If it doesn't, it must pay simple interest at a rate of 8% on this amount from that date to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 11 December 2024.

Ben Williams
Ombudsman