

The complaint

Mr S complains about the way that Nelson Insurance Company Ltd (“Nelson”) handled a claim made against him following a road traffic accident.

Any reference to Nelson in this decision includes its appointed agents and representatives.

What happened

In October 2019 Mr S reported an incident to his insurer, Nelson. No claim was made or received from the third-party involved in the accident at the time, and Mr S says that he was told the insurer would charge an extra £1000 on renewal as an increased premium due to the accident, but that if no claim was made against him, the £1000 would be refunded. So in May 2020 as no claim had been made, Nelson closed the claim down and refunded Mr S the additional premium he’d been charged.

However, in August 2021 notification was received from the third-party that a claim was being made against Mr S. Nelson reopened the claim and sent a letter to Mr S asking for his view on settling the claim on a 50/50 basis.

Mr S replied disputing the 50/50 liability and said the third-party was at fault. However, the third-party had held Mr S to be at fault. The third-party insurer asked Nelson for evidence such as any dash cam footage, as well as Mr S’s description of the accident and a diagram, together with information regarding its outlays. Following correspondence between Nelson and the third-party insurer, it was agreed that the claim would be settled on a 50/50 basis.

And as the claim had come through late, the insurer advised Mr S that he’d need to make an additional payment to cover the increased premium the insurer would’ve charged due to the claim, for the past two years. It explained that if the claim had come through at the time of the incident, his premium would’ve increased and the no claims discount applied to his policy would’ve been removed.

Mr S initially agreed and said he’d pay £200 per month towards the balance owed, but stopped paying this after two months. Mr S was unhappy that his insurer wouldn’t give him the details of who made the claim against him, and that it had passed the debt to a debt recovery team. So he made a complaint.

In its response to Mr S’s complaint, Nelson said that the reason for the premium increase was due to the re-opened claim and it hadn’t acted unreasonably. It said in relation to settling the claim on a 50/50 basis, that it had reviewed the evidence from the accident, and there was case law on this issue, which meant a 50/50 settlement was the best way forward.

Because Mr S remained unhappy with Nelson’s response, he referred his complaint to this service and our Investigator considered it. The Investigator said in situations like these, where both parties had denied liability, it wasn’t possible for the insurers to prove who was to blame and it was common for insurers to settle on a 50/50 basis in the circumstances. The Investigator also told Mr S that Nelson was entitled to settle the claim in this way, under the terms of his policy. And in relation to the outstanding premium and the failure to provide the

third-party's details, our Investigator said Nelson hadn't acted unfairly.

Mr S didn't agree with our Investigator's view. He said he would've gone with another insurer if he'd known Nelson could charge backdated premiums in the event of a claim. 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.

As this is an informal service, I'm not going to respond here to every point or piece of evidence Mr S and Nelson have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm not upholding this complaint. I'll explain why.

Mr S says his complaint is about Nelson's agent. As Nelson's agent was acting on behalf of Nelson, it is Nelson that is responsible for this particular complaint. I've considered what Mr S has said, but I don't agree that Nelson's agent, on its behalf, or Nelson itself, acted unreasonably in the circumstances of this complaint.

I say this because Mr S says he was told upon renewal of his car insurance that his premium would be increased by £1000 and if no claim was made against him, the £1000 would be refunded. I can see that the £1000 was refunded back to him as no claim had been made. But the claim was brought by the third-party at a later date, so I'm satisfied that the increased premium then became due again.

Mr S says he wouldn't have stayed with his insurer if he'd been told he'd need to pay the additional premium. But it's not unusual for a premium to increase after a claim has been made, regardless of who's at fault and regardless of when that claim is made. So I don't consider Nelson acted unfairly by applying the increase after the third-party claim was made late. I can see that even though the claim was made late, Nelson contacted Mr S as I'd expect, to ask him about the accident and whether he had any evidence he wasn't liable, such as dash cam footage or photos of the scene. I can see that it took into account what Mr S said about the accident, but the evidence suggesting he was partially liable was persuasive, and in accordance with relevant case law, I think it settled the claim fairly.

Mr S's policy also says the following:

"We may, at our discretion, take over and conduct in your name or the name of any other person indemnified under this insurance, the defence, prosecution or settlement of any claim for our own benefit."

So I'm satisfied that Nelson was entitled to settle the claim in the way it did, suggesting 50/50 liability. And looking at the evidence it relied on regarding the circumstances of the accident, I don't consider it did so unreasonably.

Mr S wanted to know more about the person who claimed against him. Nelson didn't provide him with this information, but I'm satisfied it provided Mr S with enough information to be able to identify that the accident was the same one he'd let them know about already. So I don't think Nelson had enough evidence to suspect this was a fraudulent claim. Nelson has also sent us photographs received from the third-party insurer which show the third-party vehicle. The make and model of that vehicle, and its markings, all match the photos sent in by Mr S. So I've also not seen any evidence which would persuade me that the claim was fraudulent.

In the circumstances therefore, I'm not persuaded Nelson treated Mr S unfairly in its handling of this claim. And while I'm sorry to disappoint Mr S, it follows that I won't be requiring Nelson to do anything differently in this case.

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 S to accept or reject my decision before 10 February 2025.

Ifrah Malik
Ombudsman