

The complaint

Mr H complains U K Insurance Limited (UKI) have unfairly settled a third party's claim under his motor insurance policy and is unhappy with the service he has received.

What happened

In March 2023 Mr H was unfortunately involved in a car accident involving a third party vehicle. He told UKI his car had slipped on black ice and hit the rear of a third party vehicle but there was no damage to the other vehicle. UKI later settled the third party's claim.

Mr H raised a complaint as he said he wasn't given any updates about the third party claim, nor given any evidence about what the third party had claimed for. UKI upheld Mr H's complaint. It said the terms of the policy entitled it to settle claims on Mr H's behalf and it had settled the claim based on information provided by Mr H and the third party insurer. However it said it had told Mr H it would keep him updated with the claim and it hadn't done so. It paid £75 compensation to Mr H as an apology. It said this Service had previously said it was able to pursue Mr H for the outstanding premium. Mr H didn't think this was reasonable and so referred his complaint to this Service. He said he thought UKI should waive the outstanding premium it was asking him to pay.

Our investigator upheld Mr H's complaint. She said she thought UKI had told Mr H it would be accepting liability. She said UKI had provided the information it received from the third party insurer and she thought this included sufficient evidence for it to settle the third party's claim. She said the terms of Mr H's policy explain what happens in regards to premiums when a claim is paid and so she thought it was reasonable for UKI to continue to chase this outstanding premium from Mr H. She said she didn't think £75 compensation was reasonable and £150 compensation was more reasonable to acknowledge the distress and inconvenience caused to Mr H.

UKI accepted our investigator's view but Mr H rejected it. He said he hadn't received information about the third party's claim and UKI should waive the premium it was asking him to pay.

I issued a provisional decision upholding this complaint and I said the following:

'I want to acknowledge I've summarised Mr H's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead I have 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 H and UKI I've read and considered everything that's been provided.'

Mr H raised a previous complaint to this Service regarding the cancellation of his policy and the outstanding premium UKI are telling him he needs to pay. As this Service have already considered this complaint, I won't be considering this again as part of this decision. Instead my decision will focus on UKI's decision to settle the third party claim it received.

I should explain it isn't this Service's role to say who's at fault for causing an accident as this

is the responsibility of the courts. Our role is to look at whether UKI carried out a fair investigation, reviewed all of the evidence and has come to a reasonable decision.

The terms of Mr H's policy allow UKI to take over and conduct the defence or settlement of any claim made under the policy. So it is 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, taking into account everything both parties have provided.

When Mr H discussed the accident with UKI he said he had slipped on black ice and had hit a third party vehicle. I think given the circumstances it had been provided by the third party insurer, and Mr H, it wasn't unreasonable for UKI to conclude Mr H would be held at fault for the accident. I understand Mr H doesn't dispute this, but has said there wasn't any damage on the third party vehicle.

UKI have provided the evidence it received from the third party's insurer which included engineer reports and images of the third party vehicle. Based on the evidence provided by the third party insurer I can't say it was unreasonable for UKI to settle the third party's claim. I'm satisfied it considered all of the evidence provided before making this decision and as I've explained, it was entitled to make this decision in line with the terms of the policy.

When Mr H first spoke to UKI about the accident he was told he would be kept updated about the status of his claim. However UKI didn't keep Mr H updated, nor did it make him aware it would be settling the third party's claim. It would have been distressing for Mr H not to have been kept updated as he was told he would, and to learn UKI had settled the third party claim.

I think UKI should pay £150 compensation to acknowledge the distress and inconvenience caused to Mr H due to its failure to keep him updated. I've taken into consideration that whilst Mr H should have been kept updated by UKI, its failure to do so hasn't impacted on the way the claim has been settled.

I appreciate Mr H thinks UKI should waive the outstanding premium as a result of the way it has handled the claim. However I don't think this is reasonable and the £150 compensation is more reasonable to acknowledge the distress and inconvenience caused.

Whilst I understand Mr H is unhappy he is being pursued for an outstanding premium, as explained, this Service has considered this previously and so I haven't considered this as part of this decision.'

UKI didn't respond to my provisional decision. Mr H said he felt more compensation was warranted for what UKI put him through. He said he didn't think the compensation he received for his previous complaint with UKI was reasonable for what it put him through when it cancelled his policy.

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've taken into consideration Mr H's comments, but I've come to the same conclusion as I did in my provisional decision.

The rules this Service follow entitle me to not consider a complaint that has previously been considered by this Service. Mr H has outlined the distress he was caused when UKI cancelled his policy and feels further compensation is due for this. However this has

previously been considered by this Service and so I've not considered this as part of this decision.

UKI failed to keep Mr H updated about his claim as it said it would, and this has caused Mr H some distress and inconvenience. I think £150 compensation is reasonable to acknowledge the impact this has had on Mr H.

My final decision

For the reasons I've outlined above, I uphold Mr H's complaint about U K Insurance Limited. It should pay Mr H a total of £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 January 2025.

Andrew Clarke
Ombudsman