

The complaint

Mr C complains about how U K Insurance Limited trading as Privilege settled a claim he made on his motor insurance policy.

Reference to Privilege includes its agents.

What happened

Mr C holds a motor insurance policy with Privilege. Mr C took his car to a garage for some work to be carried out. On getting his car back, he noticed damage to it which he said wasn't there when he dropped the car off. He made a claim to Privilege for the damage caused and thought the garage should be held responsible for it.

Mr C complains about the time taken to come to a decision on how to settle the claim. He's also unhappy with that decision – to record it as a fault claim on his policy.

In a previous complaint considered by this Service, Mr C complained about delays and the effect the open claim was having on his premium – none of that, nor anything else covered in that decision will be revisited or addressed in this decision.

Our Investigator thought Privilege's decision to record the claim as a fault claim was a reasonable one. And they didn't think there were any further unavoidable delays after the previous complaint's decision (as mentioned above).

Mr C wanted the case to be reviewed by an Ombudsman, so the case has been passed to me.

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'm not upholding it. I'll explain why.

- Mr C's policy with Privilege says it can *"Take over and carry out the negotiation, defence or settlement of any claim in [his] name, or in the name of any other person covered by this policy."* That means the final say on how any claim is settled lies with Privilege, and means at times, it might make a decision Mr C doesn't agree with.
- It needs to exercise this decision fairly though. So it needs to carry out an adequate investigation and base any decision on the available evidence. Here, it's said there wasn't enough evidence to support the garage being responsible for the damage to Mr C's vehicle. It said the garage was refusing to accept it was responsible and as such thought pursuing it for the costs involved would have little chance of success. From what I've seen that's reasonable. The garage said they weren't notified of the damage until two weeks after it had Mr C's car in. I understand Mr C says he noticed it after two days, but I've not seen any evidence he let the garage know of this at that

point. And in any case, as Privilege has pointed out there's no clear before and after pictures to definitively say the garage caused the damage.

- From what I've seen, Privilege said it couldn't start proceedings against the garage without first having a cost to pursue it for. It said Mr C didn't want to claim until it was decided who was responsible for the damage, which meant it couldn't take things further until he agreed to accept a settlement of the claim. That's standard throughout the industry, an insurer is often only able to pursue a part for costs, once its incurred them itself.
- Therefore, because Privilege weren't able to recover the cost from any other party, the claim is correctly recorded as fault. This doesn't mean Mr C was at fault for the incident, just that Privilege paid out on the claim and didn't claim those costs from anywhere else.
- Like our Investigator, I've found no significant delays in progressing the claim since the first complaint Mr C made. I can see Privilege were trying to contact the garage but weren't successful in doing so. It's acknowledged it could have been clearer with Mr C in relation to talking about the prospects of successfully claiming from the garage and explained this earlier in the process to him. This may have led to him having the claim settlement paid to him earlier, but because the car was driveable throughout, and Mr C's main concern was how the claim would be settled liability wise, I'm not persuaded the impact of Privilege not telling Mr C this earlier is enough to warrant compensation.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 March 2025.

Joe Thornley
Ombudsman