

## **The complaint**

Mr K complains about the handling of his motor insurance claim by U K Insurance Limited trading as Churchill. ('UKI').

Much of Mr K's dissatisfaction is directed at agents acting on behalf of UKI. As UKI accept they're responsible for the actions of their appointed agents, in my decision any reference to UKI should be interpreted as also covering the actions of their agents.

## **What happened**

The background to this complaint is well known to Mr K and UKI. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr K notified UKI that his car was hit by a third-party driver whilst it was parked. He says the police attended and he had video footage of the third party hitting his car. After notifying UKI, Mr K didn't hear anything more for a long time. He says almost two years later he was contacted by a legal representative on behalf of UKI.

He raised a complaint with UKI as he says they didn't ask for appropriate evidence from him or take appropriate steps after he reported the accident - therefore delaying the claim. He was unhappy with having to chase UKI and says he's had to pay higher premiums due to the claim still being open. He's also said he'll have to take a day off work to attend court.

UKI partially upheld the complaint and offered £200 compensation in recognition of service failings. Mr K remained unhappy and referred his complaint to our Service for an independent review. UKI then increased their offer to £500. Our Investigator considered the complaint and recommended that the offer was fair.

As the complaint has remained unresolved, it was then referred to me for a decision. I recently sent both parties a copy of my provisional, intended findings. As the deadline for responses has now passed, I've considered the complaint for a final decision.

## **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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

Both parties responded, accepting my provisional decision. As nothing materially new has been presented that would change the outcome I'd intended to reach, my earlier findings form the basis of this, my final decision.

### *The scope of my decision*

As it's not in dispute that the service provided by UKI could've been better and they've

offered £500 compensation, my decision will primarily consider whether this offer goes far enough to recognise the impact on Mr K - or if UKI need to do anything further to put things right.

In the specifics of this complaint, I can only consider the impact on Mr K and/or his losses that have already occurred as a result of any failing by UKI. I say this as Mr K has referred to needing to take a day off work in the future to attend court. But this event hasn't arisen yet - so I won't be considering it in my decision.

In his recent email to our Service dated 7 January 2025, Mr K said:

*"The following are what I believe have been the wrong doing from UK insurance limited which has caused and is still causing issue till today."*

Our Service can only consider a complaint once a financial business has had an opportunity to respond to the complaint. Therefore, my decision will only consider events up until 13 November 2024. If Mr K has further unhappiness about the impact or delays beyond that date, he'd first need to raise that as a new complaint with UKI before our Service could investigate those issues.

Finally, our role here is to consider whether UKI handled the claim in a fair and reasonable manner. It's not our role to decide who was at fault for the accident.

#### *My key findings*

As outlined above, it's not in dispute that there have been service failings by UKI. Mr K has said:

*"They have not followed the correct protocol from the start, which has caused my claim to be outstanding, effecting my premium on my next insurance, all because the correct questions were not asked, nor did they keep me up to date, in terms of the 3rd party not accepting fault and explaining why they were not accepting."*

But UKI have said:

*"There was no response from the TPI on all our attempts to put forward there allegations. As there was no response from them to accept or dispute the liability no further evidence was required at this stage however, we failed to contact the PH to make them aware of what was happening...."*

Where the third party either didn't respond or didn't accept liability, I don't find it was unreasonable for UKI to go down the legal route. But UKI's communication should have been much better and this whole process has taken a disproportionately long time.

I acknowledge that Mr K could've been asked for potentially important evidence right at the beginning of the claim. This may or may not have led to an earlier acceptance of liability by the third party. It would be inappropriate of me to speculate and, in any case - as liability wasn't conceded, there's no certainty that legal proceedings wouldn't have still been needed to resolve the liability issue or how long this would've taken. It's positive that Mr K has now been given the opportunity to provide that evidence. UKI have referred to Mr K not returning information needed, but no supporting evidence has been provided that any efforts were made to follow up on anything that was needed. In any case, UKI have already accepted responsibility for the delays.

I find the time taken here goes far beyond what might be reasonably expected in a claim of

this nature and £500 doesn't go far enough to recognise the multiple errors made. UKI state in their business file:

*"The DOL is 09/08/22 so this was 2 years ago. this should've been resolved by now."*

Notwithstanding unavoidable delays – such as the third party not responding to UKI's liability communications, there are numerous delays that UKI are responsible for. In their business response to our service, UKI have outlined the key delays [bold added for emphasis by Ombudsman]:

*"Key dates:*

*28.09.22: Outlay ready.*

*23.11.22: Outlay requested.*

*04.01.23: Outlay requested.*

*15.02.23: Outlay requested. Final notice. Update letter sent to PH.*

*28.04.23: DVLA request sent.*

***19.05.23: DVLA response received. Letter sent to TP. Handler has noted to pass to litigation if no update within 14 days.***

*03.10.23: Email sent to [third party name redacted by Ombudsman]. We asked for the status of their claim and whether they have our claim info to include our claim costs with their outlay – they're recovering the hire costs.*

*16.01.24: Email sent to [third party name redacted by Ombudsman]. We asked for the status of their claim and whether they have our claim info.*

***No progression from 16.01.24 to now."***

In addition [bold added for emphasis by Ombudsman]:

*"Final notice sent on 15.02.23 and DVLA request sent on 28.04.23. The DVLA request should have been requested at the same time. **Delay of 2 months.***

*- We noted on 19.05.23 we would litigate after 14 days. The next claim review was on 03.10.24. **4 month delay.***

*- We emailed [third party redacted by Ombudsman] on 03.10.23. We next reviewed on 16.01.24. If we allow a month for the claim to be reviewed/progressed, **theres a 2.5 month delay.***

*- No progression from 16.01.24 to now. If we allow a month for the claim to be reviewed/progressed, **theres an 8 month delay....***

***Delays...; 16.5 months.***

I find the total offer of compensation here (£500) to be unfair and it doesn't go far enough to recognise the impact on Mr K. I find that UKI need to increase their compensation to £800.

To be clear I don't intend to compensate Mr K for the higher premiums he says he's paying because of how UKI handled the claim. I empathise with Mr K, but until the claim was resolved, liability decided and UKI recovered any claim outlay – an open claim would generally impact the premiums a consumer may pay with any motor insurer. Whilst frustrating for Mr K, insurers can adjust the prices they charge based on claims made and the status of any claim. If at some point in the future the claim is resolved/settled and UKI have recovered any outlay - Mr K would have the option of letting any other insurer of a policy know (where he thinks he's paying more for insurance because of this open claim) and potentially have those policies re-rated accordingly.

*Summary*

UKI's offer doesn't go far enough to recognise the impact of their actions on Mr K. The issue in this complaint is although legal proceedings take time and it was reasonable of UKI to pursue that option, through their inaction UKI have caused avoidable and unnecessary delays to the resolution of the claim.

### **Putting things right**

U K Insurance Limited trading as Churchill need to pay Mr K a total of £800 compensation, minus any compensation already paid.

### **My final decision**

My final decision is that I partially uphold this complaint.

Subject to Mr K accepting my decision before the deadline below, U K Insurance Limited trading as Churchill need to follow my direction, as set out under the heading '*Putting things right*'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 March 2025.

Daniel O'Shea  
**Ombudsman**