

## **The complaint**

Mrs J complains about the way U K Insurance Limited (“UKI”) handled a claim she made under her motor insurance policy.

## **What happened**

The circumstances aren’t in dispute, so I’ll summarise the background:

- Mrs J was involved in a car accident in June 2022, and got in touch with UKI. It accepted the claim and settled it as non-fault.
- In 2023, the third-party insurer got in touch with Mrs J about the accident. She referred the matter to UKI. It took responsibility for dealing with it, and appointed a solicitor, but a CCJ was issued against Mrs J. She complained that UKI’s handling of the claim had caused the CCJ. And, as a result, she’d suffered financial losses, distress and inconvenience.
- UKI accepted it had caused delays and its communication had been ‘extremely poor’. It said it had taken steps to have the CCJ removed, and it invited Mrs J to share evidence of the financial losses she’d mentioned. It also offered £750 compensation.
- Mrs J referred her complaint to this Service. UKI reviewed matters again and offered a further £250 compensation. It also said it would refund the £275 Mrs J paid to have the CCJ removed. Mrs J didn’t think this offer went far enough to put things right.
- After that, Mrs J had to attend Court, alongside a legal representative for UKI, in order to secure removal of the CCJ. She also took and paid for her own legal advice. She asked UKI to reimburse that cost.
- Our investigator thought UKI’s offer to pay a total of £1,000 compensation, and £275 to have the CCJ removed, was fair. She also thought UKI should pay £264 toward the cost of legal advice.
- UKI agreed to this. Mrs J didn’t – she thought her full legal costs of around £2,750 should be paid, as well as greater compensation. An agreement wasn’t reached, so the complaint 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.

- Ordinarily, my consideration of this complaint would be limited to events up to and including UKI’s complaint response in January 2024. However, during this complaint, both parties have engaged in matters which occurred after that – and those are the key points in dispute.

- In these circumstances, I think it would be beneficial to both parties if I considered matters after that time. However, I don't think it would be appropriate to consider matters unrelated to the original complaint and I must draw the line somewhere. Balancing these factors, I'll consider matters up to and including the removal of the CCJ in late May 2024, including the invoice raised by Mrs J's solicitor in June 2024.
- Mrs J is entitled to raise a further complaint, and refer it to this Service if she wishes, in relation to anything else which occurred after that time.
- UKI accepted and settled Mrs J's original claim, so that's not in dispute. It initially closed the claim as non-fault. But, after the third-party insurer was in touch in 2023, liability for the accident has been disputed. By June 2024, a liability position hadn't been reached. So, that isn't a matter I'll consider here. Nor will I consider any potential impact of the outcome of the liability position, such as increased premiums.
- UKI has accepted it didn't handle the claim as well as it should have done and has made offers to put that right in relation to financial and non-financial losses. So, my focus will be on whether those offers are fair and reasonable in the circumstances.

#### *Non-financial losses*

- Making an insurance claim involves a degree of distress and inconvenience for the policyholder. It will require some of their time and effort to resolve. That's not something I would hold against an insurer if it handled the claim promptly and fairly.
- But where an insurer *hasn't* done that, I may consider it fair and reasonable for the insurer to pay compensation. Any such compensation would be for the avoidable distress and inconvenience caused by the insurer and should reflect the impact of that on the policyholder, in their particular circumstances.
- UKI has accepted it handled Mrs J's claim poorly, so that's not in doubt. As a result, I won't go through the claim in detail. However, I will note some key points from the claim to explain the avoidable distress and inconvenience Mrs J suffered.
- Mrs J initially thought the claim had been resolved. But, when the third-party insurer got in contact with her, it had to be re-opened. Whilst that may have been inconvenient or distressing, that's not something I can hold against UKI – it wasn't responsible for the actions of the third-party insurer. And, when UKI told Mrs J it had appointed a solicitor, so she had nothing to worry about, it was acting reasonably by taking steps to handle the claim and reduce her distress and inconvenience.
- However, UKI has accepted it failed to take the appropriate next steps with the solicitor. And that led to Mrs J receiving a CCJ she shouldn't have done. Similar delays and communication problems followed when UKI took steps with the solicitor to have the CCJ removed.
- This led to much confusion for Mrs J about which party was dealing with the matter and what was happening next. As a result, she made many calls to UKI to find out what the position was – but with little meaningful response to support her.
- I think a lack of clear and prompt communication is likely to be distressing for any policyholder. But particularly so when they're at risk of being involved in legal proceedings and/or having a CCJ recorded against them. So I can understand why UKI described its communication as 'extremely poor'.

- Mrs J says she had to attend Court in May 2024 to have the CCJ removed. That meant taking a day off work, travelling to and from the Court, and going through a difficult experience there. Whilst UKI provided her with legal representation, Mrs J says they were unprepared and unfamiliar with her case. And, as a result, she had to brief them and co-represent her case. I haven't seen anything from UKI to challenge Mrs J's recollection of these events. As a result, I think it's clear her experience was even more distressing than it ought to have been.
- Mrs J has shown she was signed off work for a period of time due to "acute stress, tiredness". I haven't seen any further medical information to explain the cause of these symptoms. As a result, I'm not persuaded it would be fair to hold UKI responsible for them. However, I'm satisfied UKI's failings would likely have contributed to them, given it was a particularly stressful time for Mrs J.
- In all of the circumstances, I'm satisfied Mrs J has suffered significant avoidable distress and inconvenience due to the way UKI has handled the claim during the relevant time. UKI has recognised this to an extent, as it's offered a total of £1,000 compensation. I'll consider this, alongside everything else, when summarising below.

#### *Financial losses*

- The position with financial losses is similar to the position with non-financial losses. If an insurer doesn't handle the claim promptly and fairly *and* that causes a financial loss to the policyholder, I may consider it fair and reasonable for the insurer to pay compensation for that financial loss. I would usually only do so if I was satisfied the loss was a direct result of a failing by the insurer and was reasonably incurred.
- In this case, Mrs J paid £275 to have the CCJ set aside. UKI agreed to refund that cost, and I understand it's recently done so. That means this point has been resolved and doesn't need further consideration.
- Mrs J has paid a solicitor around £2,750 for legal advice during the relevant time – up to June 2024. She'd like UKI to reimburse all of this cost. I think she initially took legal advice as a direct reaction to UKI's failings in relation to the CCJ – firstly for it to be recorded and secondly for the slow and unclear response to having it removed. Our investigator asked UKI to pay £264 because of this and I understand it has done so.
- Having considered the breakdown of the work done by the solicitor, I think UKI should pay more to reflect the financial loss that reasonably resulted from its failings. But I wouldn't expect it to pay for all of the advice taken because much of it doesn't relate directly to the CCJ and amounted to supporting Mrs J with her complaint. Whilst Mrs J was entitled to take the advice, the complaint about the way UKI handled the claim isn't a legal matter. So I'm not satisfied there was a need to take legal advice about it. As a result, some of the legal costs aren't a financial loss that reasonably resulted from UKI's failings.
- Mrs J has mentioned some other potential financial losses caused by the CCJ. She said the credit limit on her credit card was reduced in January 2024. And she was unable to remortgage her property due to the impact of the CCJ on her credit record. UKI invited her to provide evidence of any related financial losses.
- Mrs J hasn't done so as far as I'm aware. As a result, I'm not persuaded Mrs J has shown she had a financial loss in relation to these matters – or that UKI caused

them. However, I think it's clear the potential impact on her financial situation, caused by the CCJ, would have added to her distress. So I'll take that into account when thinking about compensation for non-financial loss.

### *Summary*

- Overall, I consider UKI should pay a total of £2,500 compensation for financial and non-financial loss. That includes amounts already paid or offered.
- UKI has paid £750 compensation for non-financial loss, £275 CCJ removal fee, and £264 legal costs – a total of £1,289. It's offered an additional £250 compensation for non-financial loss, but that's not been paid. That means there will be £1,211 left to pay – including the £250 already offered.
- This is only for matters within the scope of this complaint, which is claim events and associated costs up to June 2024.

### **My final decision**

I uphold this complaint.

I require U K Insurance Limited to pay a total of £2,500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 4 April 2025.

James Neville  
**Ombudsman**