

The complaint

Mr R complains U K Insurance Limited trading as Direct Line (UKI) unfairly settled a claim on his motor insurance policy.

What happened

In November 2023 Mr R was driving his car overseas when an incident took place involving a pedestrian. There was no damage to Mr R's car. The incident was reported to the local police and a statement was made.

Mr R notified UKI of the incident. UKI told Mr R it would take no further action and would file the report for six months in case there was any future correspondence regarding the incident.

The pedestrian made a personal injury claim on Mr R's policy. The claim was accepted and settled by UKI.

Mr R's motor insurance was due for renewal in June 2024 and when he received his renewal invitation from UKI there was a large increase in price. Mr R took out a new policy with a different insurer. When his proof of no claim bonus certificate was received he saw a claim had been recorded and settled by UKI. He contacted UKI who confirmed a personal injury claim had been made by the pedestrian.

UKI accepted it should have made Mr R aware of the claim on his policy when it was made, but it maintained its decision to settle it. It apologised and paid him £300 for the failure to notify him on the claim..

Because Mr R was not happy with UKI, he brought the complaint to our service.

Our investigator did not uphold the complaint. She looked into the case and was satisfied the claim had been recorded correctly. She agreed he should've been notified of the claim when UKI received the allegations from the third-party but considered UKI had adequately compensated her for this.

As Mr R is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

It's important that I make it clear that it's not my role to decide who's at fault for an accident, as ultimately that's a matter for the courts. And, like most motor policies, Mr R's policy allows UKI to settle claims as it sees fit.

In the terms and conditions of Mr R's policy it says;

*“When we can act on your behalf
We’re entitled to do either of the following:*

- Take over and carry out the negotiation, defence or settlement of any claim in your name, or in the name of any other person covered by this policy.”*

This means UKI doesn’t require Mr R’s consent to decide how to settle a claim and it may make a decision that Mr R doesn’t agree with. But I’ll look to see that it’s done so reasonably.

When Mr R informed UKI of the incident he said he understood the foreign police had closed the case on this matter and that the injured pedestrian didn’t blame him. Based on this information UKI told him it would keep the claim open for six months and if nothing was presented in the form of a claim, it would close its file.

UKI said in March 2024 it was notified by its overseas partner that the police had held Mr R at fault for the incident. Therefore it had settled the claim for injuries that had been submitted by the pedestrian.

After Mr R told UKI he was unhappy it had settled a claim on his policy without his permission or knowledge, I saw it reviewed the circumstances of the claim. UKI then confirmed it wouldn’t be successful in defending this claim, because the footage showed the pedestrian in view before Mr R made the turn and it would be expected he should be aware they could potentially be aiming to cross the road he was turning into. It maintained the correct liability decision had been made.

In this case it is not in dispute that the incident happened, because Mr R himself notified UKI of it. I recognise Mr R strongly disagrees with UKI’s decision to settle the claim from the pedestrian without advising him of it or gathering further evidence from him. I saw UKI considered the relevant evidence from Mr R when he reported the incident, the police report and the dashcam footage, and its decision to accept liability was in line with the terms and conditions of the policy. Although I agree he should’ve been notified of the claim in March 2024 when UKI received it, its decision to accept liability of the claim would have been the same, even if it had notified him of the allegations. I am satisfied the claim was fairly considered.

UKI accepted it should have contacted Mr R in March 2024. It apologised and by way of an apology for its failure to notify him of the pedestrian claim, and discuss this in more detail with him at the time, it paid him £300. I recognise it would’ve been concerning for Mr R to find out a claim had been recorded against him without his knowledge, however I consider £300 to be a fair and reasonable compensation amount in the circumstances of this complaint.

Therefore, although I know it will be disappointing for Mr R, I don’t uphold his complaint and don’t require UKI to do anything further in this case.

My final decision

For the reasons I have given I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 19 March 2025.

Sally-Ann Harding
Ombudsman

