

The complaint

Miss A is unhappy that Watford Insurance Company Europe Limited (Watford) accepted liability for an accident, which meant repairs to her car weren't covered.

What happened

Miss A holds a motor insurance policy which is underwritten by Watford. The policy provides third-party fire and theft cover to her and one named driver.

The named driver on Miss A's policy was involved in an accident where he collided with the rear of a third-party car. Miss A is unhappy that Watford accepted liability for the accident despite the named driver disputing he was at fault. This decision has meant there is no cover for the damage to her car, which she feels is unfair.

An investigator at the Financial Ombudsman Service considered Miss A's complaint but didn't think it should be upheld. She said Watford was entitled to accept or defend the claim and that based on the available evidence, the decision it reached was reasonable.

Miss A didn't accept our investigator's opinion. So, as no agreement has been reached, the complaint has been passed to me to decide.

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, while I appreciate it will likely come as a disappointment to Miss A, I agree with the conclusions reached by the investigator. I'll explain why.

The terms and conditions of Miss A's policy make it clear that Watford can take over the defence or settlement of any claim on Miss A's behalf. This is standard in the motor insurance industry and means Watford didn't need the consent or agreement of Miss A, or the named driver, in order to accept liability for the incident and settle the third-party claim.

When considering Miss A's complaint, I should explain that it's not for me to decide which party was at fault for the accident. Instead, I need to consider whether Watford's decision to accept liability was fair and reasonable in all the circumstances.

For me to be persuaded that Watford reached a decision which was fair and reasonable, I'd need to see that it based its decision on consideration on things such as the version of events provided by both sides, legal precedent, the highway code and any other available evidence.

The circumstances of the accident don't appear to have been disputed. The named driver hit the third party in the rear. Watford has explained that it was the named driver's responsibility to maintain a safe breaking distance. This is set out in the highway code. Watford has explained that because of this, there was a low likelihood of successfully defending liability in court. And that had it attempted to do so, this would have meant adding avoidable and unnecessary legal costs to the claim, despite it knowing successfully defending liability was very unlikely.

Taking into account the circumstances of the accident, the lack of any third-party witnesses or CCTV, and the highway code, I'm satisfied the decision Watford reached on claim liability was in line with the policy terms and conditions, and that it was fair and reasonable in light of the available evidence.

I appreciate this will be particularly disappointing for Miss A given her policy only provides third-party fire and theft cover, which means the damage to her car isn't covered. But taking into account all the available information, I don't think I can reasonably conclude that Watford's decision was unfair or unreasonable.

I understand Miss A has concerns that her policy might have been mis-sold to her. I'm unable to consider these concerns as part of this complaint, because Miss A hasn't made a specific complaint about this to Watford, and so it hasn't had the opportunity to consider or respond to these concerns. Should Miss A wish to pursue a complaint about the sale of her policy, she'll need to raise this as a new complaint with Watford – or the intermediary who sold her the policy if it wasn't sold by Watford directly. And should she remain unhappy with the final response to this hypothetical future complaint, she'll be able to refer this new complaint to the Financial Ombudsman Service – subject to our normal rules and timescales.

My final decision

For the reasons I've explained above, I don't uphold Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 31 March 2025.

Adam Golding
Ombudsman