

The complaint

Mr S complains about U K Insurance Limited trading as Direct Line (“UKI”) and the way they handled the referral of his uninsured losses claim.

Mr S has been represented by Mr M during the complaint process. For ease of reference, I will refer to any actions taken, or comments made by either Mr S or Mr M as “Mr S” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I won’t be listing them chronologically in detail. But to summarise, Mr S made a claim on his motor insurance policy, provided by the adapted car provider, who I’ll refer to as “MO” following a road traffic accident. UKI were unable to source Mr S with a courtesy car that was suitably adapted to his needs. So, he requested that he be put in touch with a solicitor, who I’ll refer to as “C”, in an attempt to arrange a suitable hire car, either through credit hire or private hire, and recoup these from the third-party insurer (“TPI”) on his behalf, alongside other uninsured losses he wished to recoup.

UKI referred Mr S to C. But C advised they were unable to arrange the provision of a hire car. Nor were they able to take on his claim for his other uninsured losses, as Mr S had instructed his own solicitor, who I’ll refer to as “W”, to pursue his personal injury claim. Mr S was unhappy about this, so he complained to UKI.

Mr S complained about C’s failure to take forward his claim or arrange for a hire car to be provided. And he explained why he felt UKI were ultimately responsible for C’s actions. Mr S also complained about the information shared by UKI with MO, and the potential future impact this may have. So, he wanted to be compensated for the above, as well as UKI ensuring his claim for uninsured losses and the provision for a hire car to be progressed promptly.

UKI responded to Mr S’ complaint and didn’t uphold it. They re-emphasised why C made the decision they did, signposting Mr S to the Legal Ombudsman for any concerns Mr S held about C and this decision. They set out why they felt they had referred Mr S to C fairly, and correctly, and why they thought the information they shared with MO was appropriate, considering Mr S was a mutual customer. So, they didn’t offer to do anything more. Mr C remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They explained the remit of our investigation, explaining we could only consider UKI’s referral to C, not the actions of C themselves. And having done so, they thought UKI had acted fairly, ensuring they reiterated C’s reasoning to Mr S where appropriate and referring him to the Legal Ombudsman where necessary. They were also satisfied UKI were able to share information with MO, as set out in the policy terms and conditions, explaining why any actions MO take were beyond UKI’s control. So, they didn’t recommend UKI take any further action.

Mr S didn't agree, providing detailed comments setting out why. These included, and are not limited to, his belief that UKI were responsible for the actions of C, making reference to Principles 6 and 8 set out within the Financial Conduct Authority ("FCA") handbook. So, Mr S explained why he wanted our service to consider C's decision not to progress his claim.

Our investigator considered Mr S' comments, explaining why their outcome remained unchanged. This included a further explanation regarding Mr S' wish for C to recoup costs not covered by the insurance policy provided by UKI. Mr S continued to disagree and so, the complaint has been passed to me for a 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.

Having done so, I'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome, in line with our services informal approach.

First, I want to make it clear what I've been able to consider within this decision, and how. I note Mr S has raised several complaints about UKI, with other references set up within our service. This decision will focus solely on the actions of UKI relating to the referral to C, and the information shared with MO. Any other issues Mr S has brought to our service will be considered separately.

The rules for complaints we can and can't investigate are set by the industry regulator, the FCA, and they are outlined in the FCA handbook, under DISP 2.3. I note Mr S has been provided a link to these previously, which he has commented on. So, I won't be outlining them again.

Mr S has outlined why he thinks UKI should be held responsible for the actions of C, of which I've considered at length. I note C's refused to progress his claim for uninsured losses and arrange for the provision of a hire car, with those costs then being recouped from the TPI. But both actions relate to activities not covered under the insurance policy UKI provide. So, they are unregulated activities which mean UKI cannot be held responsible for the actions of C, and the decisions C took. This would instead be for the Legal Ombudsman to consider about C directly, as C are regulated by the Solicitors Regulation Authority.

Because of this, my decision focuses solely on UKI's referral to C, and the information provided to Mr S before and after this referral, as this is a regulated activity that falls within our services jurisdiction to consider. And I've considered UKI's actions here against the principles Mr S has referred to in his response to our investigators view.

From the evidence I've seen, I'm satisfied UKI took on board Mr S' request for a referral to C, ensuring he was given a warm handover to ensure there was no unreasonable barrier to Mr S making a claim through C at this point. And when C advised they couldn't assist, I'm satisfied UKI took reasonable steps to understand why this was, so they could communicate this to Mr S in light of his concerns.

And as Mr S was looking for C to progress a claim, and take action, that UKI didn't provide under the scope of the policy they provided, I wouldn't expect UKI to direct C to take a different decision to the one they did. And even if UKI did attempt to do this, C would have no obligation to follow UKI's request. So, I can't agree that UKI failed to manage a conflict of interest fairly.

So, because of the above, I'm satisfied UKI acted within the principles Mr S quoted when referring Mr S to C, and when clarifying that C were unable to proceed. More importantly, I'm satisfied UKI acted fairly when making this referral, ensuring Mr S received the right information at the right time to make an informed decision on how to proceed.

I've then turned to Mr S' concerns about the information shared between UKI and MO. I've read through the policy terms and conditions, and I'm satisfied these make it reasonably clear that UKI and MO will process, and if necessary share, personal information about mutual customers such as Mr S. Further to this, it sets out Mr S responsibilities under the terms of the policy and so, when UKI felt these may have been breached, I think it was fair for UKI to deem it necessary to inform MO, as a mutual party.

I must make it clear that any actions MO choose to take on the back of receiving this information would be their own to take and any concerns surrounding these would need to be directed to MO directly, as they are beyond UKI's control.

So, for all the reasons listed above, I'm satisfied UKI have acted fairly and reasonably when referring Mr S' claim to C, and when communicating with MO. Because of this, I'm not directing them to take any further action on this occasion.

My final decision

For the reasons outlined above, I don't uphold Mr S' complaint about U K Insurance Limited trading as Direct Line.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 April 2025.

Josh Haskey
Ombudsman