

The complaint

Mr N complains about how First Central Underwriting Limited (First Central) handled and settled a claim made on his motor insurance policy.

Reference to First Central includes its agents.

What happened

Mr N holds a motor insurance policy with First Central. When he was involved in an accident he made a claim for the damage. First Central accepted the claim but Mr N complains about how it was settled. He's not happy with the amount that First Central paid to the third party – just over £4,500 and thinks this is inflated. He says he was asked to settle the third party's claim directly himself and was only asked to pay £800.

Mr N also complains about the effect he thinks this settlement has had on his insurance premium – he thinks the inflated costs have meant he's had to pay more at renewal.

Mr N is also unhappy about communication throughout the claim and doesn't think it's fair it was settled without consulting him first.

First Central didn't uphold Mr N's complaint. It said it relied on an engineer's report when settling the third party's claim and it says the costs are consistent with what it'd expect to see in accidents similar to the one Mr N was involved in. It said the price of his policy at renewal was in line with its underwriting criteria, and as such, thinks it's fair.

Mr N wasn't satisfied with this and brought his complaint to us.

Our Investigator didn't think it should be upheld. He thought First Central was acting reasonably and in line with his policy when settling the third party's claim. He said the policy was priced fairly in line with First Central's criteria. But he thought First Central could've communicated with Mr N better throughout the claim. He recommended it compensate Mr N £100.

Mr N didn't agree and asked for an Ombudsman's 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 upholding it in part. I'll explain why.

Mr N's policy, like most motor insurance policies, says First Central can "*Defend or settle any claim on [his] behalf*". This means the final say on how any claim is settled, including how much is paid to settle it, lies with First Central. That means it's doesn't need Mr N's agreement, nor does it need to consult him. And naturally, it might mean First Central makes a decision Mr N doesn't agree with.

In order to rely on this term fairly though, First Central needs to base its decision on all the available evidence. Here, I'm satisfied it's done that. It's paid the costs the third party presented it. Those repair costs are from a qualified engineer, and those costs, along with the hire costs, First Central says, are in line with what it would expect on a claim of this nature. While I can appreciate Mr N is unhappy, because he thought the claim costs should be much less, based on what the third party tried to claim from him directly, I'm satisfied First Central was acting reasonably when relying on the engineer's report and paying the costs the third party presented to it.

Mr N is unhappy with the price of renewal and thinks the claim costs are negatively impacting him in that regard. I'm not persuaded that's the case. I've seen commercially sensitive pricing information showing the main reasons for Mr N's policy increasing at renewal. Those factors include the fact a claim was made, and the fact it was a fault claim. But I've not seen anything to show the claim costs are a significant factor in the price of his renewal.

Overall, I'm satisfied his policy is priced in line with First Central's criteria, and that anyone else in his position would be treated the same. Therefore, I'm satisfied his policy is priced fairly.

Our Investigator thought First Central could have been more proactive in its communication. I agree with that point. Mr N at times didn't know what was happening with his claim, and it's clear that had he known, and had First Central kept him better informed, a degree of distress and inconvenience could have been avoided. For that, First Central should pay Mr N £100 compensation.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint and require First Central Underwriting Limited to:

- Pay Mr N £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 16 April 2025.

Joe Thornley
Ombudsman