

The complaint

Mr M has complained that U K Insurance Limited trading as Direct Line (UKI) unreasonably and unfairly increased his premium amount for his motor policy. This is because a claim from 2023 remains unresolved.

What happened

Mr M was involved in an accident in January 2023. He said his car was parked on the road outside his house. Another driver was having an issue with a white van also on the road which was blocking this driver in. She suddenly reversed crashing into Mr M's car causing damage. Mr M made a claim to UKI who told this other driver's insurers that it felt she was responsible for causing the accident. This other driver's insurers then presented a different version of events to UKI in March 2023, and they felt Mr M was responsible for causing the accident. By March 2024 UKI said the other driver's insurers had offered a split liability settlement.

Mr M's policy renewed in November 2023 but didn't appear impacted by this as yet unresolved claim. However, when it renewed again in November 2024 Mr M said his premium had increased substantially. So, he complained and discovered this claim from January 2023 wasn't settled. He noted a previous claim he had to make in May 2021 was also protracted and when he complained about that UKI upheld his complaint and paid him some compensation.

Mr M brought his complaint to us and UKI made a proactive offer. It agreed there had been an unreasonable delay in sorting out Mr M's claim. It felt if it did settle at 50/50 liability the premium price he was quoted for his renewal, wouldn't have to be corrected so that a refund would only be due if Mr M were held not to be at fault. So UKI offered Mr M £350 compensation.

Mr M rejected this, so the investigator assessed his complaint. He felt that because of the lack of progress by UKI, it should pay Mr M £750 compensation. UKI didn't agree so Mr M's 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, I'm upholding this complaint along the same lines as the investigator. I'll now explain why.

I can see Mr M is now in contact with UKI and has made his views known. I can also see UKI has told him the matter will now be placed in the hands of its solicitors so hopefully a resolution can be agreed soon so Mr M can put this matter behind him once and for all.

Whilst sorting out any agreement on liability with another driver's insurer can take time, I don't consider an incident which happened in January 2023 should still be ongoing by the beginning of April 2025. I consider that's unreasonable and unfair on both policyholders. Under ICOBS 8.1.1 R an insurer must handle a claim promptly and fairly and provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress. UKI has agreed it did not adhere to this.

However, I don't consider its thoughts that Mr M wasn't bothered by its lack of action until he realised his premium was increased as a result to be that attractive frankly or indeed fair. The fact is the regulations don't permit UKI to sit on claims in this way regardless. And it's not something it should do.

It is considered reasonable that when a claim remains unresolved and therefore 'open' on the policyholder's insurance record, that it is recorded as temporarily 'fault' which then can increase the policyholder's premium given any No Claims Discount is then not applied. This in turn should apply more pressure on the insurer such as UKI here to resolve the claim so it can be seen to be supporting its policyholder and indeed treating them fairly. To just wait for a complaint before taking any action on behalf of their policyholder isn't right either.

Given the length of time, I do consider the investigator's suggestion of compensation in the sum of £750 to be fair. As UKI is aware our approach to compensation is more fully detailed on our website. An award at this level is for something where the impact lasts over many weeks and months and indeed had a serious impact. The accident occurred in January 2023 and at the time of writing this decision at the beginning of April 2025 it remains unresolved and is now substantially affecting the amount of Mr M's premium. This means it has been ongoing for over two years. On this basis I consider this compensation amount of £750 to be fair and reasonable.

My final decision

So, for these reasons it's my final decision that I uphold this complaint.

I now require U K Insurance Limited trading as Direct Line to pay Mr M a total sum of £750 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 April 2025.

Rona Doyle
Ombudsman