

The complaint

Mrs W complains about how West Bay Insurance Plc trading as Zenith Insurance (West Bay) settled a claim it received against her car insurance policy.

What happened

Mrs W held a car insurance policy underwritten by West Bay. In March 2022, Mrs W was involved in a motor incident with a third-party. The third-party made a claim against her policy, and as Mrs W accepted liability, West Bay told Mrs W it had settled the claim.

But a year later in 2023, Mrs W received several letters from the court informing her the claim hadn't been settled and the outstanding balance (to settle the claim) hadn't been paid. It said a County Court Judgment (CCJ) had therefore been entered against Mrs W.

Mrs W informed West Bay and in September 2023 it wrote to her confirming the third-party damages and the costs to settle the claim had been paid and the CCJ was satisfied.

In September 2024, Mrs W was in the process of re-mortgaging for home improvements. But the application was declined because the CCJ remained against her, which had an adverse effect on her loan application. So, she complained to West Bay.

West Bay considered the complaint. It acknowledged it failed to settle the third-party claim in 2022 like it should have done. And once Mrs W notified it in 2023 the balance was still outstanding, it correctly settled the claim. But it explained the third-party solicitor (who it had paid in settlement of the claim) had only confirmed the judgment was 'settled' and not 'paid in full' which meant the court didn't remove the CCJ. Once Mrs W informed it in 2024, it contacted the third-party solicitors to confirm to the court that the claim had been settled, which it did, and it allowed the judgment to be marked as cancelled – and removed against Mrs W.

West Bay acknowledged its error and offered Mrs W a total amount of £1,100 in compensation for the trouble and upset it had caused. But Mrs W remained unhappy. She said because of West Bay's failure to settle the judgment like it said it had, she'd been declined her re-mortgage application – and because she didn't know how long the process would take to remove the CCJ – she'd used her family savings to cover the initial deposit, something she didn't plan to do. And although the CCJ was set aside which allowed her to re-mortgage, the amount she was able to borrow was the remaining cost of the repairs after the deposit was paid. She says she's lost her family savings as a result of West Bay's actions.

Our Investigator considered the complaint and didn't think it should be upheld. She acknowledged West Bay acted unfairly in the way it handled things but was satisfied the compensation offered fairly reflected the impact caused. Mrs W rejected our Investigator's findings and asked for an Ombudsman to consider the complaint.

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.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.

Mrs W says because of West Bay's error, her loan to cover the cost of the emergency repairs to her home was declined. And because she wasn't able to secure the loan as quickly as she needed to, she had to use her family savings to cover the deposit the contractor initially asked for. She's confirmed the CCJ has since been removed and she's been able to secure the loan she needed. But this was at a reduced amount because she'd already paid the deposit. She says she never intended to use her savings to pay for the repairs and she's lost out because of things. She says West Bay should cover some of the costs towards the deposit she paid.

Mrs W has provided a letter from her bank, which I think on balance shows she would have been able to borrow the full amount she needed had the CCJ not been recorded against her. I'm therefore satisfied, on balance, West Bay's actions impacted her re-mortgage application.

But I've also seen that once Mrs B notified West Bay of the CCJ, it quickly took steps to remove it and it confirmed its actions to do this with her. Although I accept Mrs W was in a difficult situation and worried about the state of her home, she ultimately made the decision to pay the deposit to the contractor the day after West Bay wrote to her letting it know it was going to arrange the removal of the CCJ.

It's clear Mrs W needed to arrange for the work to start sooner rather than later, and I appreciate it must have been a difficult time for her not knowing how long it would take to remove the CCJ, and whether her bank would subsequently offer her the money she needed once it was removed. And given her contractor informed her the building work was essential, I understand why Mrs W went ahead with paying the deposit with her savings – it was something she felt she had to do. But whilst I accept she only did this because the bank had rejected her loan request due to the CCJ being present, that was a decision she made herself, and one which she made while she knew West Bay were in the process of removing the CCJ.

Once West Bay became aware the CCJ was recorded against Mrs W, I think it took appropriate steps to get it removed. And I can see it confirmed the CCJ was removed around two weeks after she notified them of it. Although I acknowledge it was West Bay's initial failings that led to the CCJ being recorded against Mrs W, I think it took appropriate steps, at pace, to get it removed.

I understand Mrs W's bank have now offered her a loan at a reduced amount due to the deposit being paid by her, so I appreciate why she feels she lost her savings because of West Bay's actions. But I can't hold West Bay responsible for the decision the bank took to offer the loan on the terms it did. If Mrs B is unhappy with how her bank offered her the loan, that's something she'd need to raise with them. And if she remains unhappy that would be subject to a new complaint. But I can't fairly hold West Bay responsible for the decision Mrs W took to pay the deposit, or the bank's decision to loan her the funds on the terms they did.

Notwithstanding the above, I think the service West Bay initially provided to Mrs W fell short of what she could reasonably expect to receive. I have sympathy for Mrs W's complaint about West Bay and I recognise that the registering of a CCJ on Mrs W's credit file, through no fault of her own, has caused her significant distress and inconvenience. And I'm aware it's been a difficult time for Mrs W because of the way West Bay handled things. I haven't

detailed everything here – but I've considered everything Mrs W has said about the impact on her.

West Bay paid Mrs W a total amount of £1,100 in compensation for the trouble and upset caused. Although I appreciate Mrs W doesn't think this fairly reflects the impact it caused her, and it may not materially change things given her wider concerns about the complaint, I'm satisfied that's a fair sum to recognise the substantial trouble and worry West Bay's actions caused her during her remortgage application. And I think it is in line with what I would award in similar circumstances. As such, I don't require West Bay to make any further award.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 28 April 2025.

Adam Travers
Ombudsman