

The complaint

Miss O is unhappy with the decision made by First Central Underwriting Limited (First Central) following a claim made by a third party under Miss O's car insurance policy.

What happened

Miss O took out a car insurance policy with First Central. The policy booklet explained.

Your insurer is entitled to:

- *defend or settle any claim on your behalf;*

In July 2024 Miss O's car was involved in an incident. The third party insurer (TPI) contacted First Central saying Miss O had pulled out of a side road and hit the TP's car. First Central contacted Miss O to ask for more details about the incident. Miss O said she was in fourth gear and established on the main road when the third party hit the rear bumper of her car causing a bend in the tow bar.

First Central settled the TPI's claim. Miss O was unhappy about this as she'd told First Central she didn't agree with the TP's version of events. First Central asked Miss O to complete a sketch of the incident. Miss O's sketch showed she'd pulled out of a side road, and whilst driving on the main road, the TP's car had collided with the rear of Miss O's car.

First Central said Miss O's sketch didn't change its decision, and the claim would be recorded as a fault claim against Miss O's policy. Miss O complained about First Central's decision.

First Central recognised that it should've done more to investigate Miss O's version of events, although it didn't think this would've made a difference to the outcome and liability. First Central offered Miss O £50 in recognition of its poor claim handling.

Miss O was unhappy with this response, and brought her complaint to the Financial Ombudsman Service. First Central told this Service it had reviewed Miss O's complaint and considered £150 compensation would better reflect its poor service.

The Investigator said the £150 compensation offered for First Central's failure to initially review Miss O's version of events was reasonable. The investigator didn't ask First Central to do anything more in settlement of Miss O's complaint. Miss O rejected these findings.

As the complaint couldn't be resolved, it has been passed to me for 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.

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.

When we investigate a complaint about an insurer's decision on a claim, our role is to consider whether the insurer handled the claim in a fair and reasonable manner. So I've considered the evidence to determine whether First Central has acted fairly and reasonably in reaching its decision on Miss O's claim.

First Central accept that it should've done more to investigate Miss O's version of events before settling the TPI's claim. So there's no dispute that First Central's claim handling was poor. The question I've considered is whether, on balance, a more thorough investigation would've reasonably impacted the decision on liability. And having carefully considered what has happened and the evidence provided, I'm not persuaded it would've. I'll explain why.

I should start by saying that when evidence is contradictory or inconclusive (or both) I have to make a finding on the balance of probabilities. That is what I find is most likely to have happened in view of the available evidence and wider circumstances.

The main point of dispute between Miss O and the TP is how the incident happened. Whilst Miss O has explained the TP hit the rear of her car whilst she was driving on the main road, the TP says the impact happened just as Miss O was pulling out of a side road onto the main road.

I've considered the evidence Ms O has provided to this Service in supporting how the incident happened. Miss O says that the impact between the two cars happened because the TP collided into the back of Miss O's car.

In support of her testimony, Miss O has provided photos showing the damage to the TP's car, and the damage to her own car after the incident happened. I've seen that in the photo showing damage to the TP's car, it's evident that the damage is predominantly to the right hand driver's side. There are scuff marks and dents going across from the right side of the front bumper panel, lights, and part of the number plate. It's reasonable to say that the impact of the incident affected one side of the TP's car.

I'm persuaded the damage on the TP's car showing impact to only one side, is consistent with what the TP explained about the impact happening whilst Miss O was pulling into the main road from a side road. That's not to say the damage couldn't have happened if the TP had collided into the rear of Miss O's car the way Miss O has described. But on balance, I'm more persuaded by the damage matching the incident circumstances explained by the TP, given that the location of the damage is only to one side of the TP's car.

Miss O told First Central when she first discussed her claim that the damage to her own car was limited to the back tow bar becoming bent, and so she wouldn't be claiming for any damage. Miss O also sent this Service video footage of the state of her car after the incident happened. During this recording Miss O can be heard saying *'there's no damage... the only thing we have got on my car obviously where she hit... my tow bar is bent in because she hit me on the right... I think it works out sort of... the front of her car pretty much square.'*

I accept that on this recording Miss O refers to the TP hitting *'the front of [Miss O's] car pretty much square.'* But just before making this statement, Miss O is heard naturally speaking about the impact on her car whilst moving her camera around her car to evidence the lack of damage, and during this summary she is also heard saying *'my tow bar is bent in because she hit me on the right'*.

I recognise Miss O immediately followed this up with the statement that the impact was on *'the front of [Miss O's] car pretty much square.'* But given the conflicting information from the recording I think it would be reasonable to question the persuasiveness of Miss O's testimony, especially when considered alongside the location of the damage evidenced on the TP's car.

The policy terms say First Central is entitled under the terms and conditions of its policy with Miss O to defend or settle a claim as it sees fit. That said we expect an insurer to reasonably investigate a claim and consider the evidence available before making its decision on liability.

On this case it's accepted that First Central's claim handling was poor. But on balance I'm not persuaded there's sufficient evidence to say that a more thorough investigation would've led to a different outcome. So I don't think it would be fair or reasonable to ask First Central to do anything differently in respect of the liability outcome for Miss O's claim.

I say this because there's no CCTV, or independent witness, to confirm or deny either party's version of events. So the case rests broadly on the testimonies of Miss O and the TP. Miss O has provided photos and accompanying footage to evidence the damage on both cars after the incident happened. The damage on the TP's car was largely to the front right hand side only. It's a finely balanced decision, but I think it is reasonable to say that the damage would've been more far reaching, and impactful across the front of the TP's car if the TP's car had directly collided with the rear of Miss O's car in the way she has described.

This situation has clearly left Miss O feeling stressed, upset, and financially out of pocket. But I haven't seen any evidence to persuade me that First Central's poor service has, on balance, led the claim being recorded incorrectly, or that its actions have been outside of the policy terms. So I won't be asking First Central to amend the way the claim has been recorded.

First Central has agreed to pay Miss O £150 in recognition of its poor claim handling. Having considered our award bands I'm persuaded this amount is fair and in line with what we'd direct in the circumstances. The compensation already offered recognises First Central should've done more to investigate Miss O's version of events, but also that the outcome of the claim remains unchanged.

My final decision

For the reasons provided I uphold this complaint. First Central Underwriting Limited is directed to pay Miss O £150. If any amount of this compensation has already been paid, First Central Underwriting Limited is directed to pay the outstanding amount only.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 23 April 2025.

Neeta Karelia
Ombudsman