

The complaint

Mr B has complained that U K Insurance Limited trading as Direct Line (UKI) recorded a claim as a fault claim under his car insurance policy.

What happened

In January 2020 Mr B was involved in an incident. He said a lorry crossed lanes and collided into his car. It happened so fast that he didn't have the opportunity to take the registration details of the lorry and the lorry driver didn't stop.

He reported the incident to UKI and it settled his claim as a total loss. UKI wrote to Mr B and explained that it would settle the claim on a fault liability basis.

In October 2024 Mr B complained to UKI. He said his current insurer said the incident, which Mr B had declared to them as a non-fault claim, was recorded as a fault claim on a shared database by UKI. Mr B didn't agree this was correct.

UKI didn't uphold Mr B's complaint. It said it had correctly recorded the incident as it didn't have any details of a third party to recover the claim costs from.

Mr B didn't agree and asked us to look at his complaint. One of our Investigators thought UKI had acted reasonably and in line with the policy.

Mr B wants an ombudsman 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.

I understand Mr B's strength of feeling on the terminology used by UKI to record the claim. He says he wasn't at fault for the incident.

As the Investigator explained, insurers use the term 'fault' and 'non-fault' when recording claims to distinguish between whether it recovered claim costs. Where an insurer can recover all of its claim costs from a third party, it generally records the claim as a non-fault claim. But where it isn't able to recover the claim costs, it records a claim as a fault claim.

This doesn't mean that an insurer finds the customer is to blame for the incident. It would be perhaps helpful if insurers recorded claims as recoverable or non-recoverable. But the terminology of 'fault' and 'non-fault' is recognised in the industry as the way in which insurers record claims – not just UKI.

As UKI wasn't able to recover its claim costs from a third party, it has correctly recorded the claim. And it confirmed this in a letter to Mr B on 7 January 2020. So I think UKI made it clear to Mr B how it recorded the claim. It was for Mr B to ensure he provided the same information to future insurers.

I find that UKI has treated Mr B fairly and as it would any other customer in his circumstances. So I'm not upholding his complaint.

My final decision

I'm sorry to disappoint Mr B. But for the reasons I've given above, my final decision is that I don't uphold the complaint.

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

Geraldine Newbold
Ombudsman