

## **The complaint**

Miss W complains that Liverpool Victoria Insurance Company Limited have delayed in investigating a claim that was made against her, and then settled it in error as a fault claim which has resulted in an increase in her premiums.

## **What happened**

In February 2023 a third party made a claim against Miss W which she denied.

LV viewed dash cam footage and had an engineer examine Miss W's car but received no further information or evidence from the third party.

Despite that, in December 2023 they settled the claim as a fault claim against Miss W but didn't inform her.

In June 2024 she became aware that the claim had been settled. She raised a complaint.

In July 2024 LV re viewed the dash cam footage and accepted that they had settled the claim in error. They reversed their decision, reinstated Miss W's no claims bonus, and recorded the claim as a non-fault.

Miss W wasn't happy, and she brought her complaint to us. She said that she had felt gaslighted by LV, and that she had to pay increased premiums as a result of LV's delays and decision.

One of our investigators looked into Miss W's complaint and he thought that LV should pay £300 for the distress and inconvenience caused by the delays. LV agreed but Miss W wasn't happy with this and so the case has come to me to review.

## **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've thought about whether LV unreasonably delayed in making a decision on the claim, and whether that decision was fairly and reasonably made. I've also thought about the impact of that decision.

Miss W had been reversing into a parking space, when a third-party driver claimed that she had hit their van. Miss W contacted LV that day and told them that she believed someone would be making a false claim against her, but that she had video evidence that she was not at fault. LV told her to wait until the claim was made and they would contact her.

The next day a third party raised a claim against Miss W that she had reversed into them, claiming for damage to their vehicle. LV queried this with Miss W and she told them there was no damage to her vehicle, and denied a collision.

After the third party queried LV's stance, LV responded denying involvement and requested further evidence from the third party. They also booked an inspection of Miss W's car. LV's engineer examined the car and reported that there was no damage to it, and noted Miss W had dash cam footage of the incident which she offered to provide to LV. Up until this point, I think LV had managed the claim reasonably, and progressed it appropriately.

In April 2023 LV viewed the dash cam footage but said it was not of use as it cut out just prior to the alleged incident. They then said that they would await the engineers report, seeming to overlook the fact it had already been sent to them.

Miss W advised LV of a further video, which they also viewed, but again said that it didn't have the key moments recorded. Again, they said they would await the engineers report and the third-party insurer update.

By May 2023 LV still hadn't received any evidence from the third-party insurer, and updated Miss W accordingly.

It seems to me that by this point LV had enough evidence to support their denial of liability, and the third party had still provided nothing. They made no further contact with the third-party insurer till October 2023 when they again asked for evidence. No updates were provided to Miss W in this period.

In December 2023 LV settled the claim as a fault claim against Miss W but didn't inform her.

In June 2024 Miss W discovered the claim had been settled as fault, and complained to LV.

On 2 July 2024 LV viewed the dash cam footage again and although they said it still didn't show the moment of alleged impact, it did show that the damage to the third party vehicle was present before the alleged incident, and considering this in conjunction with the engineers report, they changed their decision, reinstated Miss W's no claims bonus and recorded the claim as non-fault. They advised Miss W of this in their final response, accepting that they had settled the claim in error.

So, I can see here that there were periods of inactivity by LV, most notably between May and October, and also that there was a lack of updates and poor communication generally, and in particular in not advising Miss W of the fault claim decision. This shows poor service, and so I consider that an award for distress and inconvenience is warranted here.

However, as Miss W wasn't aware that the claim had been settled as fault, that didn't have any impact on her until June 2024 when she found out. The decision was reversed on 3 July, so while I appreciate that it will have been upsetting, I'm pleased to see that LV accepted their error and amended the decision quickly.

### **Increased premiums**

Miss W has said that LV's actions increased her premiums for longer than necessary.

I can see that when the policy came up for renewal in July 2023, the claim was recorded on the statement of fact as being open with the outcome pending. Miss W's premium on her new policy was only £80 more than the previous year with LV, and so I can't say that there was a big financial impact on her because of the unresolved claim. I haven't seen any evidence that the premium would have been less if the claim had been resolved at the time of renewal. On the day the 2024 renewal was due, LV had amended the records to show the accident was non fault. So, it shouldn't have had any impact on the 2024 premium. However, Miss W could go to her new insurer and ask for the premium to be checked and recalculated in the light of this if it was. And so, I don't think there is anything that LV need to do here.

### **Putting things right**

In order to put things right, I think that LV should pay Miss W £300 for the distress and inconvenience caused by their error and the delays.

### **My final decision**

My final decision is that I'm upholding Miss W's complaint about Liverpool Victoria Insurance Limited and directing them to put things right as above.

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

Joanne Ward  
**Ombudsman**