

The complaint

Mr B complains about the way Society of Lloyd's ("Lloyd's") decided liability for a claim made by a third party against his car insurance policy.

What happened

Mr B had a car insurance policy with Lloyd's.

In March 2024, Mr B was contacted by Lloyd's and told that a claim had been made against him. The allegation was that he'd hit a third-party vehicle while driving his car.

The allegation was supported by a note left on the third-party vehicle stating Mr B's car registration number and his name. It briefly described the incident.

Mr B emphatically denied the collision. He provided information and photos to Lloyd's to show he wasn't responsible for the damage and told it he thought the third party's claim was fraud.

Lloyd's investigated the allegation and took the decision to settle the claim. But it allowed Mr B's No Claims Discount ('NCD') as a gesture of goodwill.

Mr B's policy came due for renewal and he found his premium had increased substantially.

He complained about Lloyd's actions in settling the third party's claim and the increase in premium. Lloyd's said it thought it acted in line with the terms and conditions of its policy when it settled the claim.

As Mr B remained unhappy, Mr B brought his complaint to this service. He asks that the claim decision is reversed and that he receives compensation for his increased insurance costs.

Our investigator looked into his complaint and thought it wouldn't be upheld. She said she thought Lloyd's acted in line with its policy wording and it'd investigated the likely outcome of taking the alleged collision to court.

Mr B didn't agree with the view. He made further points about the circumstances of the collision and complained about the way Lloyd's handled its investigation and the legal advice it said it'd taken.

Because he didn't agree, this complaint has been passed to me to make a 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'm not upholding Mr B's complaint and I'll explain why as I appreciate this will be a disappointment to him.

It's important I start by saying it's not this service's role to determine who may be liable for a collision, or whether a collision even occurred.

What I can do is decide whether I think Lloyd's investigated Mr B's claim in line with the policy wording, and reached a reasonable outcome. And, in this case, I think it has.

I can see from the file that Mr B is adamant he wasn't involved in the alleged collision and I recognise the strength of his feelings about that.

I'm not going to talk in depth about the events that have been alleged, but it involves a third-party vehicle parked near to where Mr B lives in a major city, which was apparently struck and damaged by his car.

A note was left on the third-party vehicle saying Mr B's car had struck it, and supplying both its registration number and Mr B's name as owner.

The third-party made a claim from their insurance company, which then subsequently tried to recover costs from Lloyd's in turn.

Mr B has closely examined the details he's been given about the collision and worked out where on the street he thinks the collision occurred. He's said the collision couldn't have happened as alleged due to the positioning of the vehicles. And he's refuted that he wrote the note.

Lloyd's has said that its policy wording allows it to handle a claim as it wishes:

"We can; take over, carry out, defend or settle any claim..."

This type of wording is common in motor insurance and I think its use here is fair.

What this means for Mr B is that Lloyd's can deal with the claim as it sees fit. And that can include settling the third party's claim even if Mr B disagrees.

I can see that Lloyd's contacted Mr B when it was informed about the third party claim. Lloyd's then said it didn't accept liability for the collision following Mr B's denial.

Having investigated the matter, Lloyd's engaged legal advice to establish how the matter might be dealt with in court. It seems to me that this was the likely route for the claim to follow as both insurance companies maintained their stances.

I've looked at the legal advice given to Lloyd's by its solicitors, who are giving Lloyd's a position on the likelihood of the claim being defended in court. They're giving an expert opinion, and it's important that I give that opinion due weight.

The legal advice said that defending the claim in court would be problematic. The response laid out a series of areas of concern, among which were that a handwriting expert would likely be needed, along with representatives from Mr B's usual MOT garage to talk about pre-existing damage, coupled with the court being needed to accept that Mr B could not have – perhaps – caused a collision and not noticed.

I've talked above about Mr B's strength of feelings that he was not involved in the collision and did not cause the damage, and I recognise his determination to show he was not involved. But Lloyd's legal advisors, who are experts not only in the law, but in current case law and practises around motor insurance, has said it doesn't agree that defending Mr B's case would be successful. And that seems to be why Lloyd's decided to settle the third-party

claim before court.

As this is an expert opinion, I think it's reasonable to think Lloyd's can rely on it. It follows that I think the way Lloyd's dealt with the claim is fair.

As I say above, I think its decision is fair, but I understand Mr B's point of view and sympathise with him.

Mr B has also complained about the increase in premium he's had since the collision and reporting of the claim against him. I can see from the file that he complained about this issue to Lloyd's, and there's a brief mention of the premium uplift in its final response.

I've not been provided with details of how Lloyd's calculate its premiums, but I think it's fair I say that one of the key rating factors includes whether a claim has been made on the policy.

As a claim was recorded against Mr B, I think it's likely that this accounted for a premium uplift at his renewal. And as I think Lloyd's fairly settled the claim, recording it under Mr B's policy is also fair.

But it's important I say that other factors will likely have come into play here, including the car insurance market moving generally upwards (which was seen a lot in 2024) and the age of the driver. Mr B's policy was also a Third Party Fire and Theft cover, so the impact of a third party claim on his premium may well be disproportionate to his expectations. I appreciate Mr B denies the incident happened, but I've said above that I think Lloyd's actions were fair in how it settled the claim, so I can't say its actions in changing the price he paid for cover are unreasonable. I also think Lloyd's agreement that Mr B could retain his NCD is fair.

Mr B has talked about pursuing the matter in court, and that is his right. But I'm not upholding his complaint and I'm not going to ask Lloyd's to do anything else.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 July 2025.

Richard Sowden
Ombudsman