

The complaint

Miss P complains that UK Insurance Limited (UKI) settled a claim made on her motor insurance policy as split liability. She wants the other driver held fully at fault.

What happened

Miss P said another driver hit her car whilst it was stationary. She made a claim on her policy and UKI initially held the other driver fully at fault. But the other driver's insurer later challenged this and said Miss P had reversed into their car. UKI was unable to provide evidence to support either version of events and so it settled the claim as split liability. But it paid Miss P £500 in total compensation for how it handled her claim. Miss P remained unhappy.

Our Investigator didn't recommend that the complaint should be upheld. He thought UKI was entitled to decide how to best settle the claim. And he thought that in the absence of evidence it had settled the claim as split liability fairly and reasonably. And he thought its payment of compensation for the trouble and upset caused to Miss P by its delay in investigating and settling the claim was fair and reasonable.

Miss P replied asking for an Ombudsman's review, so her complaint has come to me for a final decision. She said she thought UKI hadn't acted in a timely manner when investigating the claim. And she said it had caused her distress by settling it as split liability.

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.

It's now more than two years since the incident and I can understand that Miss P wants the matter settled as it continues to cause her stress. I can also understand that she feels frustrated that she is being held partially at fault when she feels she was the victim of an accident.

Miss P said the other driver ran into the back of her stationary car. But the other driver later said Miss P had stalled and her car had run into his car at a different location to that stated by Miss P when she notified UKI of the incident.

It isn't our role to decide who was responsible for causing the accident. This is the role of the courts. Instead, our role in complaints of this nature is simply to investigate how the insurer made the decision to settle the claim. Did it act fairly and reasonably and in line with the terms and conditions of the policy? And has it treated Miss P the same as someone else in her position.

UKI is entitled under the terms and conditions of its policy with Miss P to take over, defend, or settle a claim as it sees fit. Miss P has to follow its advice in connection with the settlement of her claim, whether she agrees with the outcome or not.

This is a common term in motor insurance policies, and I do not find it unusual. Insurers are entitled to take a commercial decision about whether it is reasonable to contest a third party claim or better to compromise.

That said we expect an insurer to reasonably investigate a claim and consider the evidence available before making its decision on liability.

UKI had limited evidence to consider. There was no CCTV or dashcam evidence available and no independent witnesses to the event. So it was one driver's word against the other's. And Miss P provided photographs of the location showing that it was flat and so it was unlikely that her car had rolled backwards.

UKI initially defended Miss P's version of events. And it continued to defend her after the other driver's insurer alleged that she had rolled backwards. UKI sent Miss P's photos of the location showing that the road was level. But the other insurer wouldn't accept liability in full. And so UKI decided that the best possible outcome was a split liability settlement.

I can understand that Miss P feels this to be unfair, especially due to delays in the investigation and the late settlement of the claim. But I can't see what further evidence she could have provided if the claim had been investigated promptly. And so I can't say that the delay affected the claim outcome.

And so I think UKI fairly and reasonably settled the claim a split liability because it couldn't show that the other driver had been negligent. I think it's entitled to do this by the policy's terms and conditions. And so I can't say it did anything wrong in this or that it needs to change how the claim is recorded.

But UKI does agree that it caused significant delays in the claim. It didn't record the initial notification properly. It didn't then pursue the other driver's insurer for a settlement. It caused Miss P avoidable frustration when it contacted her over a year later with the other driver's allegations.

I can't say what would have happened if UKI had dealt with the claim promptly, as it's required to do by the relevant regulations. But when a business makes a mistake, as UKI accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

UKI tried to defend Miss P and agreed a split liability settlement. It also waived her policy excess, which is always the first part of a claim to be paid. And I think this was the best it could do in restoring Miss P's position.

And UKI paid Miss P £500 in total compensation for the trouble and upset caused by its significant delays in the claim and the lack of updates. I think that's fair and reasonable as it's in keeping with our published guidance for the level of impact caused by its errors. I don't require it to do anything further. Miss P said she hadn't cashed these cheques. If they have expired, she should contact UKI to have them reissued.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

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

Phillip Berechree
Ombudsman

