

The complaint

Mr R complains First Central Underwriting Limited's response to a third-party claim against him was unreasonable.

Mr R's been represented for the complaint. For ease of reading, I've referred to the representative's actions and comments as being Mr R's own.

What happened

In March 2024 Mr R's car and a third party's (TP) was damaged in a collision. Mr R claimed against his first central motor insurance policy. The TP considered Mr R to be at fault so claimed for his losses against Mr R's policy.

First Central told Mr R it wouldn't be covering his claim. It said he wasn't covered under the policy terms for commuting, which had been the purpose of his journey when the accident occurred. It added that it was also unable to deal with the claim from the TP under the terms of his policy.

First Central said as Mr R would be held responsible for the incident it may be required to deal with the TP claim if they obtained a county court judgement (CCJ). It said it could negotiate a fair an extra settlement with the TP to keep costs to a minimum. It asked Mr R to sign a consent and indemnity (C&I) form. That would provide his consent for First Central to take over handling of the claim and require Mr R to reimburse any costs paid for the claim. Mr R signed the C&I.

First Central settled the TP's uninsured losses - paying £2,400 to cover car hire charges. Mr R wasn't happy about the amount paid. He considered it excessive. First Central explained it had negotiated the cost down from £3,757. It said it was unable to negotiate a lower settlement as that would have risked litigation, with increased costs. Mr R wasn't satisfied by that, so raised a complaint. He wasn't happy with the amount First Central want him to reimburse.

First Central issued a complaint response. It didn't accept it had done anything wrong or provided a poor service. It said it had explained the implications of there being no policy cover for the claim and said again that it had negotiated the hire costs down.

Unsatisfied with First Central's response Mr R referred his complaint to the Financial Ombudsman Service. He said he had made a genuine mistake by not taking commuting cover and the hire car charges First Central had settled were extortionate. Mr R feels First Central should have accepted his error was genuine and taken a more sympathetic approach. To resolve his complaint, he would like it to waive or reduce the hire charges its seeking to recover from him.

Our Investigator didn't recommend First Central do anything differently. She found its decision to decline cover under the insurance policy to be fair. She was satisfied it had taken reasonable steps to minimise claim costs. As Mr R didn't accept that the complaint was passed to me 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr R and First Central have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Mr R's cover excludes commuting. He's accepted the purpose of his journey, when the incident occurred, was commuting. I accept he made a genuine mistake by failing to select commuter cover. However, I can't in the circumstances say it was unfair or unreasonable for First Central to decline to deal with his or the TP's claim, under his insurance policy, when he wasn't covered for the journey type.

As Mr R wasn't covered for the claim, but his car was insured by First Central, it considered it was required (under Article 75 of the Motor Insurance Bureau's Article of Association) to deal with the TP's claim for its uninsured losses. I can't say First Central acted unfairly or took an unreasonable position.

Mr R signed a C&I giving consent to First Central to handle any claim against him and agreeing to repay any settlement it made. I haven't seen that Mr R disputes being at fault, so I haven't considered if it was reasonable for First Central to treat the claim as him being so. So overall it was reasonable for First Central to respond to, settle and require reimbursement of the hire car claim.

I realise Mr R considers the rate settled at to be excessive for the period of hire - around 16 days. However, I'm satisfied First Central made reasonable efforts to negotiate the hire cost down. I've seen its own analysis of the hire period and costs. It made its own initial offer, significantly lower than the TP's starting point. After some back and forth a mid-point position was agreed. Mr R's said hire cars can be sourced for a much lower rate. I've considered that. But I also have to consider First Central's concern that continued attempts at negotiation might have resulted in litigation. With that in mind I can't say it acted unreasonably by settling at £2,400.

I realise this will be disappointing for Mr R, but I can't say First Central acted unfairly or unreasonably by declining cover and seeking reimbursement of the above costs. That means I'm not going to interfere with its attempts to recover its expenditure from him.

Mr R said another company has pursued him for the TP's repair costs. I can only consider the actions of First Central in this complaint. So I haven't decided on those costs or the other firm's process here.

Finally, Mr R has raised his dissatisfaction with First Central's communication during the process. It's possible it could have provided more frequent updates. But it doesn't seem he lost out financially or was significantly inconvenienced by it not doing so. That means I'm not going to require First Central to pay any compensation or do anything differently.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or

reject my decision before 28 July 2025.

Daniel Martin
Ombudsman