

The complaint

Miss C complains that First Central Underwriting Limited declined her claim on her motor insurance policy and is seeking to recover its outlay from her. She wants it to cover the claim.

What happened

Miss C was driving her partner, Mr M's, car when she collided with the car in front. She said there was a small impact, and she informed First Central. It said Miss C wasn't covered even though she had cover for driving other cars as there was an exclusion for the cars of partners and spouses.

First Central settled the other driver's claim and is now seeking about £5,000 from Miss C to recover its outlay. But Miss C said it wouldn't provide a breakdown or receipts for these costs. After the complaint came to us, First Central agreed to provide a breakdown of costs and to pay Miss C £150 compensation for this delay.

Our Investigator recommended that the complaint should be upheld in part. He thought the policy's terms and conditions excluded driving other cars cover when driving a partner's or spouse's car. He thought Miss C wasn't named on Mr M's certificate of insurance. So he thought First Central had reasonably declined her claim.

He thought First Central was obliged to deal with the other driver's claim and it was entitled by the policy's terms and conditions to settle it as it saw fit. And he thought Miss C was liable for First Central's outlay with or without receipts. But he thought it should have provided a breakdown of the costs when Miss C requested this. And he thought its offer to pay Miss C £150 compensation for the trouble and upset caused was fair and reasonable.

Miss C replied that she now accepted that she wasn't covered to drive Mr M's car. But she thought she should be provided with receipts for the repairs so that she could be sure the claimed-for damage wasn't exaggerated.

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 can understand that Miss C wants to understand the costs she is liable for. She has explained that the collision was a small knock, and I can understand that she feels the claim may have been exaggerated.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

Miss C wasn't listed on Mr M's policy as a named driver. But she thought she was covered by her own policy for driving other cars. Miss C said she now understands that she wasn't covered to drive her partner's car due to a policy exclusion, even though they are both covered by First Central. I can see that Miss C's policy states on page 19 under section 4 – liability to others:

“4.2 If you are over 25 and it is shown on your Certificate of Motor Insurance, the insurer will provide you with the same cover as set out in Section 4.1 when you are driving any other private motor car within the territorial limits as long as:

- The other car is not owned by you or your partner and is not a hire or rental car, or obtained by you or your partner under a hire-purchase or leasing agreement.”*

The reason for the exclusion of partners in this circumstance is to avoid potential legal conflict should a disagreement arise, and legal action be required. It is unlikely partners will want to support litigation against each other. This is a common exclusion across the motor insurance industry.

The car was owned by Mr M who Miss C acknowledged as her partner. So I think it was fair and reasonable for First Central to decline her claim as she wasn't covered by her policy for driving Mr M's car.

But First Central insured the car and so it was liable under the Road Traffic Act to deal with the other driver's claim. The investigator has already explained that as set out in the policy booklet, on page 53, First Central is entitled under the terms and conditions to take over, defend, or settle a claim as it sees fit.

Mr M has to follow its advice in connection with the settlement of a claim, whether he agrees with the outcome or not. This is a common term in motor insurance policies, and I do not find it unusual. And First Central is also entitled to recover its outlay from the car's driver, Miss C.

First Central said Miss C was at fault as she had hit the other car in the rear. And it paid the other driver's claim costs. These costs included vehicle repair, vehicle replacement hire, personal injury and solicitor's costs. Miss C thought the costs may be exaggerated. But I think the costs are in keeping with what I've seen for other small impact accidents.

Miss C wanted a copy of the receipts for these costs. And I think she can ask First Central if it has these. But it isn't unusual for insurers to not ask for evidence of costs where they seem reasonable. And whether or not First Central is able to provide the receipts, Miss C is still liable to repay its outlay. And I can see that it has reasonably offered to set up a repayment plan for her.

First Central provided a breakdown of the costs after Miss C brought her complaint to us. And I think it should have provided this earlier and so avoided trouble and upset. It offered to pay Miss C £150 compensation for this. And I think that's in keeping with our published guidance where an error has taken time and effort to remedy. And so I think that's fair and reasonable.

Putting things right

I require First Central Underwriting Limited to pay Miss C £150 compensation for the distress and inconvenience caused by its level of service, as it's already agreed to do.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require First Central Underwriting Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 30 September 2025.

Phillip Berechree

Ombudsman