

## **The complaint**

Miss S complains about U K Insurance Limited (“UKI”) and the service she received following a third-party claim made against her motor insurance policy. She also complains about her renewal premium price.

## **What happened**

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Miss S held a motor insurance policy, underwritten by UKI, when a third-party made a claim against her policy in July 2023.

UKI made Miss S aware of this claim. But Miss S was unhappy with the service UKI provided to her following this and the impact the claim had on her renewal premium. So, she raised a complaint.

Her complaints included, and were not limited to, her unhappiness with information she was provided, delays caused by UKI failing to respond to the third-party insurer (“TPI”), clerical errors including the creation of two claims instead of one and her renewal premium and the issues she faced during the renewal process. So, she wanted to be compensated for the above, and the other issues I haven’t spoken to specifically.

UKI responded to the complaint and upheld it in part. They set out why they thought Miss S’ premium was calculated correctly, based on the correct protected no claims discount and that they acted in line with the terms of the policy when settling the claim on a fault basis.

But they accepted their service had been both unfair and unreasonable in several ways. So, to recognise this and the impact caused to Miss S, they issued a cheque for £350. Miss S remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and didn’t uphold it. Both parties had sight of the investigator’s view, so I won’t be repeating it in detail. But to summarise, our investigator accepted UKI’s service had been unreasonable. But they thought the £350 offered by UKI was a fair one. And they explained why they were satisfied Miss S’ renewal premium was calculated fairly and that the claim had been settled in line with the policy terms and conditions. So, they didn’t recommend UKI do anything more.

Miss S didn’t agree, providing several comments setting out why. These included, and are not limited to, her unhappiness that the second claim, set up in error, was categorised a duplicate when this wasn’t the case. Miss S set out why UKI’s failure to respond to the TPI had led to the claim facing court proceedings and that she had been impacted by this, needing to engage with the solicitors UKI appointed to defend them, who I’ll refer to as “D”. Miss S maintained her belief the renewal premium was unfair and that the £350 failed to adequately address the impact the situation had caused her. As Miss S didn’t agree, the complaint was passed to me for a decision.

I issued a provisional decision on 30 April 2025, where I explained my intention to uphold the complaint. Within that decision I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, it's my intention to uphold the complaint. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome, in line with our services informal approach.*

*I note in UKI's complaint response, they accepted several of the complaint issues raised by Miss S, which centre mainly around the service UKI provided. As UKI accepted they acted unfairly regarding these points, I don't intend to discuss them in any further detail. I will return to these points when considering what UKI should do to reasonably put things right. Instead, the first part of my decision focuses on the issues that do remain in dispute. And I'm satisfied this relates to the renewal premium, the protected no claims discount and the way the claim was settled. And having read through all the information available, I have also considered the way UKI handled the TPI claim, and Miss S' point regarding UKI's failure to provide her with a call recording.*

*I recognise why Miss S would query the renewal premium she received, considering it's increase from the year before and that in her documentation, it showed two claims which it's accepted is incorrect.*

*But UKI have provided me with their underwriting criteria and the premium calculation, both of which are commercially sensitive and so, can't be shared. And having reviewed this information, I'm satisfied the premium was rated and calculated on their being one claim, and not two. And while I appreciate Miss S' unhappiness with the extent of the increase, it's not our service's role to tell a business how much they can, and should, charge a customer for a policy. All I can consider is whether they calculated the premium fairly, within their underwriting criteria. And I'm satisfied they did. So, I'm unable to say UKI should do anything more regarding this point. But I do note Miss S had trouble and confusion when contacting UKI about the renewal initially, and I'll discuss that later within my decision as UKI accepted they acted unfairly there.*

*And I'm also satisfied that UKI acted fairly, and in line with the terms and conditions of the policy, when calculating this premium on the basis Miss S had five years protected no claims discount. This is because Miss S had protected her previous years where no claims were made. As a fault claim was made in the policy year I've considered, and at the point of renewal it remained open and so, liability hadn't been settled, I wouldn't expect another years no claims discount to accrue, as is set out in Miss S' policy documentation. So, while I recognise another insurer advised Miss S otherwise, I'm satisfied UKI acted fairly regarding this point.*

*And in terms of the liability itself, UKI were entitled to settle and defend the claim as they saw fit, as outlined in the policy terms and conditions already quoted by our investigator in their view. So, while I do appreciate Miss S disputes she caused the damaged claimed for by the third-party, I'm unable to say UKI acted unfairly or unreasonably when settling the claim as they did.*

*I then turn to Miss S' issue regarding the provision of the call recording. While I appreciate why Miss S' would like access to this call, it also contains data regarding the third-party and so, I'm unable to compel UKI to provide this to her. Should Miss S remain unhappy with this, her issue would be better directed to the Information Commissioner's Office ("ICO") who regulate and oversee data protection in the UK.*

*Finally, I've considered the way UKI progressed the claim and more specifically, responded*

to the third-party claim. Having done so, I'm satisfied UKI could have responded to the TPI's correspondence in a timelier manner. And had they done so, this may have prevented the TPI from progressing the claim to court and issuing proceedings. While the proceedings were issued against UKI directly and so, this mitigated the risk and impact to Miss S, I am satisfied allowing proceedings to be issued led to UKI needing to instruct D. And due to this instruction, D needing to engage and work with Miss S directly, which I'm satisfied caused her some inconvenience and worry. So, I'm satisfied UKI acted unfairly regarding this complaint point, and I've considered this alongside all the other service failures already accepted by UKI when considering what they should do to put things right below.

#### *Putting things right*

When thinking about what UKI should do to put things right, any award or direction I make is intended to place Miss S back in the position she would have been in, had UKI acted fairly in the first place.

In this situation, I'm satisfied Miss S would always have ended up with a fault claim recorded against her. So, she would always have been required to pay an increased premium, be that with UKI or another insurer. So, I don't intend to direct UKI to compensate her for this financial impact.

But I am satisfied that, had UKI acted fairly, Miss S would have received a better level of service throughout the claim journey. It's accepted by UKI that their conduct on calls with Miss S fell below the standard they would expect and that the information provided to Miss S at times was misleading, failing to provide her with clarity to her concerns, and that it was not as proactive as it should have been. And, had UKI dealt with the claim in a timelier manner, I'm satisfied Miss S may have been prevented from needing to engage with D. So, I do think Miss S should be compensated appropriately for the impact the above caused.

I note UKI issued a cheque to Miss S for £350 to recognise most of the above. But having considered this amount, I intend to increase it by a further £150, to take the total compensation Miss S received to £500 in total, and I'll explain why.

I'm satisfied a total of £500 fairly considered the number of service issues she faced, and the cumulative impact these created. From the information available to me, it should have been reasonably clear to UKI that Miss S was concerned about the claim being made against her, and the impact it had on her looking to source alternative insurance elsewhere. I would have expected UKI to recognise this, and act accordingly to ensure she was appropriately informed on her position. But I'm not persuaded they did.

I think it also fairly reflects the inconvenience caused to Miss S needing to engage with D where this could have been avoided. And the incorrect expectations she was set online when looking to renew her policy, only to find there was a defect in the premium generated which ultimately resulted in her renewal premium being far higher than what she wanted, or what she thought she would need to pay.

But I'm satisfied it fairly reflects the fact that in any situation where a claim is made against a policy, this will likely have an impact to a customer, both financially and emotionally. And that UKI weren't responsible for the fact the third-party chose to bring a claim, which I note Miss S' disputes and feels is unfair.

So, for the reasons outlined above, it's my intention to direct UKI to pay this increased compensatory amount.

*I understand this may not be the outcome Miss S was hoping for. I want to reassure her I've thought carefully about all the issues she's raised and the impact she has explained these had on her even if I haven't commented on them specifically due to the informal nature of our service. And I want to make it clear I don't intend this decision to take away from her lived experience and the clear emotional impact the situation created.*

*But I'm satisfied the increased and total compensatory payment of £500 is a fair one, that falls in line with our services well documented approach to compensatory awards, which can be found on our website."*

## **Responses**

Both Miss S and UKI responded to the provisional decision and didn't accept it overall. Miss S set out her concerns about the renewal premium and whether or not it was rated with two claims, considering the information and more specifically the wording used by UKI in their complaint response. And she reiterated her concerns about the decision to settle the claim on fault basis, setting out why she felt UKI's communication with the TPI impacted her ability to defend her position.

Whereas UKI provided comments setting out why they thought the £350 they offered in their own complaint response was a fair one. Specifically, they requested clarification on what more I felt they should have done regarding the service provided to Miss S, and their belief they responded to the TPI outlay request in a reasonable amount of time.

## **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.

Having done so, I won't be changing my original conclusions set out within my provisional decision and I'm upholding the complaint for broadly the same reasons. The reasoning for my provisional decision is set out above and so, I won't be reiterating this again. They are set out above for both parties to refer to if required.

Instead, I will focus on the comments provided by both Miss S and UKI to this provisional decision and explain why my decision remains the same.

Miss S has referred to the wording of UKI's complaint response, setting out why she feels this suggests her renewal premium was rated on two claims incorrectly. I want to make it clear I'm not disputing there were clear errors surrounding the renewal premium. So, I can understand why Miss S would continue to query this. But I want to reiterate to Miss S that UKI have provided me with their premium calculations and underwriting criteria, which I'm unable to share as they are commercially sensitive. And having reviewed these, I remain satisfied the renewal premium was calculated on their being one claim, even though the renewal documentation suggested otherwise.

Miss S also referred to the wording used by UKI when engaging with the third-party. And why she feels this communication UKI provided was untruthful. I want to reassure her this was a point I did consider when reaching my provisional decision, even though I didn't comment on it specifically in the way Miss S had expected or hoped. I want to make it clear that I agree with Miss S that the wording UKI provided was unclear and created confusion. I'm satisfied Miss S was disputing liability as well as quantum, and I'm satisfied UKI didn't present this stance to the TPI as clearly as I would have expected.

But crucially, I'm not persuaded this failure by UKI ultimately impacted the situation Miss S finds herself in. While I recognise why Miss S has referred to advice provided to her directly by D, who explained challenging liability may have been a possibility, crucially this doesn't satisfy me the outcome of the claim and the way it was settled was incorrect.

I want to be clear that neither I, nor our service, can speculate on how we think the claim should have been settled, as we don't have the expertise to do so. Because of this, I'm unable to say whether or not the claim should have been settled on a fault basis, although I appreciate this is a fundamental part of Miss S' unhappiness.

Instead, our service is able to consider the decision UKI reached to decide whether we're satisfied this was fair, based on the information available to them. And to do so, I've thought about what I think another insurer is likely to have done, in the same situation.

In this situation, it's clear the TPI held Miss S at fault for the damage found on their insured's car. And they provided information to UKI that showed damage had occurred, and that Miss S' car was in the location of the accident where this damage occurred, around the same time. Considering this, and the fact Miss S' policy allowed UKI to settle the claim as they saw fit, I remain of the opinion that UKI were fair to settle the claim as they did as, on the balance of probability, I'm satisfied another insurer is likely to have taken the same decision in the same situation. So, while I am satisfied UKI have made errors in their processing of the claim, and that the language used to present Miss S' challenge to the TPI was unclear, I'm satisfied the increased compensatory amount I've already set out reasonably compensates Miss S for this.

Again, should Miss S want the call recording she refers to, she would need to pursue this via other means, as I'm unable to compel UKI to release this due to it holding data of a third-party.

I've then turned to UKI's challenges. UKI have set out why they feel they responded appropriately to the TPI's outlay request by instructing D. And why they feel the £350 offer of compensation was a fair one, explaining why they felt the increase I suggested was inappropriate considering our service's approach to compensatory awards.

I don't dispute UKI only received the TPI's outlay request in October 2023. And, that UKI chose to respond to this by instructing D in December 2023. But crucially, I haven't seen evidence to show UKI responded to the TPI directly when taking this action. And because of this, the TPI issued court proceedings, explaining they hadn't received a response from UKI by their expected date of 20 December 2023.

So, had UKI acted more proactively and instructed D sooner, I remain of the opinion this could have been avoided. Alternatively, UKI could have responded to the TPI directly at the same time but again, I haven't seen evidence that satisfies me they did. And this is further evidenced by the fact the TPI issued proceedings because the TPI felt no response was received.

So, I'm satisfied UKI's failure here resulted in D needing to engage with Miss S to seek support on challenging these proceedings, when this may not have been necessary. And as outlined within my provisional decision, I'm satisfied this had an impact on Miss S, which should be compensated for.

I also want to explain that when I expressed my belief that UKI should have done more to act accordingly, my expectation would have been for UKI to act more proactively to ensure the

communication with Miss S was clear, concise and provided at a reasonable time, considering she had made her unhappiness and concerns about future impact clear.

But I'm not satisfied UKI did. Following Miss S' expressing her concerns about the claim and the way it was being handled, she then encountered issues and errors regarding her renewal premium, which I'm satisfied would have worsened an already frustrating and worrying time for her.

So, as I outlined within my provisional decision, I'm satisfied the cumulative impact of multiple service failures and errors, throughout different parts of the claim journey, requires a compensatory amount higher than the one UKI offered in their complaint response.

And I remain of the opinion that a £150 increase, taking the total compensatory award to £500, is a fair and appropriate one on this occasion.

### **Putting things right**

As outlined above, and within my provisional decision, I'm satisfied an increased compensatory payment of £150, taking the total award to £500, fairly recognises the cumulative impact caused to Miss S by UKI's failures when handling her motor insurance claim and then the renewal premium during the time the claim was ongoing.

### **My final decision**

For the reasons outlined above, I uphold Miss S' complaint and I direct U K Insurance Limited to take the following action:

- Pay Miss S the additional compensatory amount required to ensure she receives a total compensatory award of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 25 June 2025.

Josh Haskey  
**Ombudsman**