

The complaint

Mrs M complains that AXA Insurance UK Plc settled another driver's claim against her motor insurance policy. She wants the decision reversed and her No Claims Bonus (NCB) restored.

What happened

Mrs M said another driver's car rolled into her stationary car at traffic lights. She said there was no damage seen at the time, but she notified AXA of the incident. The other driver later contacted Mrs M to say that their car had a scratch and asked for £350 to cover the repairs. Mrs M declined. But she later found that AXA had settled the claim, and it had paid £6,000 for the claim costs. Mrs M was unhappy with this as she thought the claim was fraudulent. AXA paid Mrs M £100 compensation for the trouble and upset caused because it hadn't contacted her while investigating the claim. But Mrs M rejected this offer.

Our Investigator didn't recommend that the complaint should be upheld. He thought AXA had fairly and reasonably investigated the claim and considered the evidence available before accepting liability on Mrs M's behalf. And he thought it was entitled to do this by the policy's terms and conditions. He thought AXA's compensation offer was fair and reasonable. So he thought AXA needn't do anything further.

Mrs M replied asking for an Ombudsman's review, so the complaint has come to me for a final decision. She thought AXA had paid £6,000 to settle the claim without justification.

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 Mr M feels frustrated that AXA paid a claim that she thinks was fraudulent. And I'm sorry to hear that this is likely to affect her NCB. Mrs M said the other driver rolled back into her car. But the other driver said Mrs M had hit their car in the rear.

The investigator has already explained that it isn't our role to decide who was responsible for causing an 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 Mrs M the same as someone else in her position.

As set out on page 46 of Mrs M's policy booklet, AXA is entitled under the terms and conditions to take over, defend, or settle a claim as it sees fit. Mrs M has to follow its advice in connection with the settlement of a 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 a decision on liability.

The evidence that AXA had to consider was both drivers' versions of events, photographs of the cars taken at the scene provided by Mrs M, an engineer's report and a damage consistency report. There were no independent witnesses or CCTV or Dashcam footage available. Mrs M said her photographs of both cars showed no damage.

So there's no doubt that a collision occurred. Mrs M thought no damage had been caused. But AXA thought the photographs and the engineer's report showed damage to both cars consistent with the incident circumstances. I haven't been provided with the engineer's report, but I can see that one was provided, paid for, and considered by AXA. But there was no independent evidence to confirm either driver's version of events. So AXA couldn't say which driver was to blame.

AXA initially challenged the other driver's allegations and defended Mrs M. But the other insurer wouldn't accept liability. And, given the incident circumstances, the balance of probabilities and the evidence available, AXA decided that it couldn't further defend liability. I think it's entitled to decide this by the policy's terms and conditions. And I think it did so fairly after reasonably investigating the claim and considering the evidence. So I can't say that AXA did anything wrong in this or needs to change its decision.

Mrs M was unhappy that AXA had paid about £6,000 to settle the claim. I note that this included repairs, based on an engineer's report, and hire costs. AXA wouldn't pay costs that it wouldn't need to. And I think it reasonably justified the repairs costs as it relied on the engineer's report. I think it's often the case that seemingly minor impacts can cause underlying damage that may not be immediately evident in photographs.

AXA offered Mrs M £100 compensation for not contacting her whilst the claim was being progressed. Mrs M had already provided her version of events and photographs. So I don't think the lack of communication caused her any loss. But it did cause her upset, and I think £100 compensation is fair and reasonable as it's in keeping with our published guidance for such an impact. Mrs M said she hasn't cashed the cheque. If she wants to accept it, she should ask AXA to reissue the cheque.

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 Mrs M to accept or reject my decision before 11 September 2025.

Phillip Berechree
Ombudsman