

The complaint

Mr S has complained about Covea Insurance plc's decision to settle a claim he made under his van insurance policy as a fault claim.

What happened

Mr S was involved in an incident with a motorbike. He made a claim to his insurer, Covea.

Covea settled Mr S's claim as a fault claim, which Mr S didn't agree with. He said the motorbike rider was at fault for the incident.

Covea didn't uphold Mr S's complaint. So Mr S asked us to look at his complaint.

One of our Investigators didn't recommend the complaint should be upheld as he thought Covea had reached its decision on the claim in a fair way and in line with the policy.

The Investigator recommended Covea close the claim as there was no activity from the motorbike driver and he thought it wasn't reasonable for Covea to keep the file open for such a long period of time. However, the Investigator explained that the outcome remains unchanged for Mr S, as the claim has been correctly recorded as a fault claim due to Covea being unable to recover the claim costs from a third party.

Mr S is happy that Covea has been asked to close the claim. He remains unhappy that he is considered to be in any way responsible for the incident, but accepted the Investigator's findings.

Covea didn't agree. It set out the reasons why it didn't close the claim sooner. As Covea doesn't agree the case has been 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 the Investigator explained, we don't decide liability as that is the role of the courts. But we can look at whether an insurer reached its decision reasonably and in line with the policy.

Mr S's policy with Covea has a very common term which I've seen in most – if not all motor insurance policies. This term says Covea can take over the defence and settlement of a claim in Mr S's name. This means Covea can make a decision Mr S may not agree with, but the policy allows Covea to do so. We don't disagree with this term in principle, provided an insurer can show it treated a customer fairly when applying it.

The circumstances of the incident are well known to Mr S and Covea. Mr S was waiting to turn right across traffic when it was dark. As he carried out the turn, a motorbike rider was travelling in the opposite direction and collided into Mr S's van.

Witness statements provided along with Mr S's account say that the motorbike rider was

travelling without their lights on. It later transpired that the motorbike rider was driving without insurance.

Covea said that if it received a claim from the motorbike rider, it would look to defend it. But it explained to Mr S that if the claim were to proceed to a court hearing, it would be very unlikely that a Judge would decide that the motorbike rider was 100% at fault for the incident. Even taking into account the circumstances, Covea said there was a likely possibility a Judge would attribute a small percentage of fault to Mr S as the party carrying out a manoeuvre across oncoming traffic.

As a goodwill gesture, Covea waived the excess fee owed under the claim for Mr S.

Insurers record claims as 'fault' or 'non-fault'. This is the terminology used to record whether an insurer has recovered all of its claim costs or not. So where a customer wasn't at fault, but the insurer was unable to recover the claim costs in full from an 'at fault' party, the claim will still be recorded in the same way as a fault claim.

Irrespective of whether it is likely to close as a non-fault claim – insurers record an open claim as a fault claim until such time it is settled. This is in line with industry practice. It means if a claim closes as a non-fault claim, an insurer can recalculate a premium and provide a refund to a customer. But if it were to operate the other way around, there is a risk insurers would need to recover a higher premium retrospectively from a customer.

This means that where a claim settles as a fault claim, the fact that the claim is open means the impact and outcome is the same.

In response to the Investigator's view, Covea explained that the motorbike rider incurred significant injury and any claim was likely to involve substantial costs and investigation. Based on its experience in dealing with claims similar to this one, Covea says it is reasonable to have kept a claim open for longer due to the reserve it holds for potential liabilities. It says in its experience Covea has received claims from a third party for personal injury up to three years after the incident.

I asked Covea if it had looked into the possibility of recovering the claim costs from the uninsured motorbike rider. Covea confirmed that it did and it was clear they did not have the funds to pay. In addition, Covea explained that initiating the pursuit of the claim from the motorbike rider would most likely have extended and inflated the claim by triggering a personal injury claim. As the motorbike rider would still be seen as a vulnerable road user, and based on the fact Mr S was crossing the motorbike rider's right of way, there would be partial liability against Mr S.

So, I find that Covea has set out reasonably why it reached the decision it did to settle the claim, and in its decision not to pursue the third party for recovery of claim costs. I don't think Covea's decision to keep the claim open for longer was unreasonable – nor do I find it had a different impact on Mr S to the claim being closed as a fault claim.

Mr S's policy with Covea includes 'Uninsured Driver Protection' which says;

"If you are involved in an accident that is not your fault and the person responsible for the accident is not insured, your no-claims bonus will not be affected and you won't have to pay your excess"

As Covea says there would be a partial liability against Mr S, this means the 'uninsured driver' term doesn't apply.

I understand Mr S will be disappointed with my decision. He has explained that the impact of the fault claim will affect his premium under his van insurance, as well as insurance for other vehicles he and his wife drive. But I can't say that Covea has treated Mr S unfairly, or as it would any other customer in the same circumstances.

My final decision

For the reasons I've 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 Mr S to accept or reject my decision before 24 September 2025.

Geraldine Newbold
Ombudsman