

## **The complaint**

Mrs S complains that Tesco Underwriting Limited initially told her that it would classify a driving incident as non-fault and then failed to tell her that it had instead recorded it as a fault claim. This has caused her insurance premiums to rise significantly.

Mrs S's daughter, Miss S, is a named driver on Mrs S's policy. Mrs S has authorised Miss S to deal with matters on her behalf.

## **What happened**

On 10 December 2023 Miss S was reversing her mum's car out of a parking space when she hit a stationary parked car. Miss S found the owner of the other car and provided her details.

Five days later, on 15 December 2023, Tesco sent Mrs S an email saying it had received a claim from someone who said they'd been involved in an incident with Mrs S's car. It said it hadn't heard from Mrs S and asked her to contact it.

Miss S rang Tesco that day. She confirmed she'd reversed into a parked car. She said her mum's car was undamaged. But she said there was a crack in the front grill of the other car. After running through details of the incident, Tesco told Miss S it would deal with the claim.

Around 11 months later, at the time the policy was due to renew, Miss S discovered that Tesco had recorded the incident as a fault claim. She complained. Tesco acknowledged that it had failed to tell her that it had settled the claim. But it said it had told her previously it would deal with the matter as a fault claim.

Miss S brought her mum's complaint to the Financial Ombudsman Service. One of our Investigator's looked into it. She said that Tesco should have told Mrs and Miss S that it had dealt with the claim and recorded it as a fault. But she didn't think Tesco needed to take any further action.

Miss S didn't agree with our Investigator's complaint assessment, so the matter's 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.

### *When did Miss S first report the incident to Tesco?*

Miss S told us that, on the day of the incident, she rang Tesco to tell it about the accident. She said it told her during that call that the claim would be non-fault. But I think she's mistaken.

Tesco has no record of any call or other contact from Mrs or Miss S before it emailed Mrs S to say a third party had made a claim against her policy on 15 December 2023. Miss S told us that she had evidence on her phone of telling Tesco of the incident on the day it happened. We asked her to provide the evidence but she hasn't done so.

Further, Tesco's email asking Mrs S to contact it said that a third party had reported a claim but it hadn't heard from her. But when Miss S spoke with Tesco that day she didn't say that she had already reported the incident.

In fact Miss S told Tesco that, some days earlier, an accident management company who was representing the third party had rung her. Miss S told Tesco that she "should have contacted the insurance to let them know". She said she didn't do so because she was waiting to see whether the third party was going ahead with the claim. I don't think she'd have acknowledged that she should have contacted Tesco if she'd already informed it.

So, if we look at the facts:

- On 15 Dec 2023 Tesco said in its initial email that it had received a claim reporting that Mrs S's car had been in an incident with a third party, but it hadn't heard from Mrs S.
- Miss S then contacted Tesco on Mrs S's behalf. She didn't say at that point she'd previously reported the incident.
- Tesco has no record of any call or other contact from Miss S or Mrs S about an incident prior to 15 December 2023.
- Miss S has not provided evidence that she contacted Tesco before 15 December 2023 even though she told us she could supply that proof.

So I don't think the evidence supports Miss S's account that she'd reported the incident to Tesco on the day of the claim, 10 December 2023. And I'm satisfied that the first time she spoke with Tesco about the matter was on 15 December 2023.

*Did Tesco tell Miss S that it would record the claim as non-fault?*

Miss S told us that when she first spoke with Tesco it told her it would record the matter as non-fault. But again I'm satisfied that she's mistaken.

I've listened to the call when Miss S first spoke with Tesco about the incident on 15 December 2023. At no point during that call did Tesco advise her that it would record the accident as non-fault. In fact Tesco's call handler explicitly said to her that "we're at fault because we've hit a parked vehicle". And Miss S acknowledges that during the call. So, I have no doubt that Tesco told her that it would deal with the claim on a fault basis.

I'll add that Tesco had no reason to tell Miss S it would classify the incident as non-fault. Miss S clearly accepts that she reversed into a parked and unattended car. So as the only driver involved in that incident in a car which was actually moving, once the third party had made a claim, the only person who could be held at fault was Miss S.

The only circumstances under which Tesco might have recorded the incident as non-fault against Miss S were if neither the third party nor Mrs S made a claim. But that wasn't the case here. Miss S was aware the third party had made a claim because Tesco told her so in its email of 15 December 2023. It also told her in the phone call that it would deal with the claim. So Miss S should have known following that call that Tesco was dealing with a claim which it thought she was at fault for.

Further, while it's not my role to decide who's at fault for an incident, in the circumstances Miss S herself described, all insurers I'm aware of would find her at fault for the incident. And Tesco's call-handlers would have been well aware of that. So I find it extremely unlikely that Tesco would have told her she was not at fault for an accident when she was the only driver in a moving car when it happened. In those circumstances there was no real prospect of Tesco deeming her not to be at fault.

It follows that I'm persuaded that Tesco didn't at any point tell Miss S that it would record the accident as being non-fault.

### *Was it fair for Tesco to settle the third party's claim?*

Tesco eventually told Miss S it had paid a significant sum for repairs to the third party's car. Miss S didn't think that was fair. It appears she thinks that, as the only damage she could see was a small crack in the grill, the repair claim must have been exaggerated. But I find that extremely unlikely.

In this case the third party used an accident management company (AMC) to bring her complaint, rather than her own insurer. There's nothing unusual about that where, as here, the third party wasn't at fault for the accident. That's because AMCs typically will not insist that their client pays an excess. They will also usually provide a hire car while repairs are ongoing, of a similar size or model to the car being repaired. Whereas insurers may only provide a small courtesy car. So there are advantages to non-fault claimants to using an AMC's services.

In claims of this nature it's standard for the third party's representatives to arrange and pay for the repairs themselves. And before they do so, it's usual for an engineer to be instructed to provide an estimate for those repairs. That's what happened in this case. But before the other side, in this case Tesco, will settle that claim, they will ask their own engineers to look at the repair costs to ensure those are reasonable. In that way insurers seek to reduce or minimise the prospects of fraudulent or exaggerated claims.

And if, for example, Tesco could prove that repairs were unnecessary or not caused by the incident claimed then the third party's representatives would not recover its outlay for the repairs. So it's not in their interests to pay claims that are without merit, not valid or otherwise exaggerated.

I also think it's worth pointing out that modern cars are designed to absorb much of the force of impacts to minimise injuries to pedestrians who might be hit by them. So on the outside, the bodywork may appear not to be damaged or only have minimal damage but further investigation upon removal of the panels etc can often reveal damage which is not immediately apparent to the naked eye. So it's entirely plausible for a car to require a significant repair even where this isn't immediately apparent following an incident.

Also, as well as paying for repairs the third party's claim included a large sum in respect of hire car and other costs such as solicitor's fees. And, given the costs involved, it's not unusual for hire car costs to be the largest part of the claim outlay. That's the case here.

I'll add that even if Tesco had found anomalies with the costs of repair, for example it found that those included repairs for damage inconsistent with the incident giving rise to the claim, then I don't think Mrs S or Miss S would be in a different position now. That's because Miss S herself identified that the other car had suffered damage, even if she described it as just a crack. But even minimal damage will require a repair. And the third party could legitimately claim the costs for that repair from Tesco because it held Mrs S's policy. And if Tesco had settled any claim, even for a lower sum, that would still result in a fault claim against Mrs S's policy. So she's not in a worse position because of the scale of the claim payout. However, in any event, having seen the repair bill, engineer's report and images which came with it, I'm satisfied Tesco settled the third party's claim reasonably.

Further, it's not in Tesco's interests to pay out any more than it needs to on a claim. After all it can't recover its outlay from anyone else. So it's in its own interests to keep the claim settlement as low as possible. And I don't think Tesco has done anything wrong in settling the claim as it has.

### *Tesco's communications about its settlement*

Tesco told Miss S at the outset it would handle the claim. But while it had no need to involve Mrs S in its claims decisions, it should have told her once it had settled the matter and let her know this would be recorded as a fault claim against her policy.

Tesco has acknowledged that it didn't do that. But, while that was clearly a shortcoming in its service, I don't think Mrs S is in a worse position as a result.

As I've said above Tesco told Mrs S in its initial email that it had received a claim from the third party. And Miss S was clearly aware what that referred to as she could provide a detailed account of how it happened when she spoke with Tesco. Tesco then told Miss S it would hold her at fault for the incident and deal with the claim. So, as I've already said, from that moment on it was almost certain that Mrs S was going to have a fault claim recorded against her policy. Regardless that Tesco had not appropriately told her that was the case once it settled the claim.

I'll add that Miss S believed that it would be fair for Tesco to remove the fault claim from the Claims and Underwriting Exchange (CUE)<sup>1</sup>. But the insurers signed up to CUE are required to record any incident it's made aware of, whether it leads to a claim or not. And they have a duty to make accurate records. This includes recording what they actually pay out in relation to a claim.

In this case Tesco was made aware of an incident. Miss S has confirmed the details of that incident. Tesco then, perfectly reasonably, paid the third party's claim. So it had a duty to accurately record those details on CUE. And I think it did so fairly, even if it should also have told Mrs S it had settled the claim. So there is no compelling reason why Tesco should try to remove those details from CUE.

It follows that, while Tesco didn't get everything right I don't think Mrs S is in a worse position as a result.

### **My final decision**

For the reasons set out above I'm not going to instruct Tesco to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 14 August 2025.

Joe Scott  
**Ombudsman**

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<sup>1</sup> CUE is a database of incidents capable of leading to a claim against certain insurance policies. The database is managed by the Motor Insurers' Bureau.