

The complaint

Mr S, a self-employed individual, complains that Wakam added a fault claim to his commercial motor insurance policy incorrectly, and that it didn't tell him about this claim.

What happened

The circumstances of this complaint are known to both parties. So, the following is intended only as a summary.

Mr S is a taxi driver and held a commercial motor insurance policy underwritten by Wakam. In May 2024, Mr S had a third-party passenger in his vehicle who was not wearing a seatbelt. At one point, Mr S was forced to apply the brakes. At the end of the journey, the third party apparently walked away without visible injury or difficulty.

In June 2024, Wakam was contacted by the third party to claim for injuries. Mr S was notified at this point, and he explained the circumstances of the incident. He heard nothing further however.

Wakam did attempt to defend the claim, but ultimately a payment was made to the third party under the terms of the policy. Liability was split between Mr S and the third party. Mr S was not informed of this though. And only discovered that a fault claim had been recorded against him when it came to renewing his policy. Mr S has had to pay a higher premium as a result of this fault claim, and considers this should not have been added to his record. He was also unhappy with the lack of communication on this issue.

Wakam agreed that it had not communicated as it should have, and offered Mr S £100 compensation. But said that it had dealt with the claim appropriately. Mr S remained unhappy and brought his complaint to the Financial Ombudsman Service. Our Investigator did not recommend that the complaint should be upheld though. He agreed that Wakam had dealt with the claim appropriately. And he felt the £100 compensation was adequate redress for the communication issues.

As Mr S remains unsatisfied, his complaint has been passed to me for a decision.

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 have reached the same conclusion as our Investigator. I've explained why below.

When Wakam initially received the claim from the third party, it acted in the way it ought to. It contacted Mr S and obtained his version of the events. Wakam did make Mr S aware that a claim had been made, and Mr S does not appear to have told Wakam that he did not want it to be dealt with under the policy – i.e. that he wanted to deal with the claim himself. So, it is appropriate that Wakam then went on to deal with the claim.

It is for an insurer, including Wakam, to decide how to deal with a claim and to make the decision on whether to accept liability for a claim that is being considered under the policy. And my role is not to determine whether Mr S was partly responsible for the event. But I do need to consider whether Wakam came to its decision fairly and reasonably. An insurer should make an informed assessment of whether to accept liability, or dispute it and have the matter considered in court. Where an insurer reasonably considers that defending a claim in court is unlikely to be successful, it is appropriate that the claim is accepted.

Wakam initially disputed the claim that had been made and tried to defend Mr S's position. It then received further evidence, including medical evidence supporting the third party's claim that they had suffered injury in the incident. Taking into account this evidence, Wakam determined that it needed to accept that Mr S was partially liable for the claim. I do not consider this process, or the way Wakam handled the claim overall, to have been inappropriate.

Thinking about the circumstances of this claim, and the evidence provided, I also consider Wakam came to its decision reasonably. It would have taken into account the fact that Mr S, as the driver of the vehicle, was responsible for the passenger's safety. And that, whilst a driver is not technically liable for an adult passenger wearing a seatbelt, Mr S was aware the passenger was not wearing a seatbelt when deciding to accept the fare and to drive in the manner he did. So, I do not find it surprising that Wakam considered the prospects of fully defending the claim in court were limited.

Wakam also did not accept full liability – and pushed back appropriately regarding the fact that the passenger had not fastened the seatbelt, so was also partly responsible.

Overall, I consider Wakam came to its decision to accept partial liability fairly and reasonably.

However, where Wakam failed was in not keeping Mr S informed of the situation.

I have thought about the impact of this and what would have happened had Mr S been kept appropriately informed. I do not consider this would have changed the outcome of the claim. Mr S may not have agreed with the decision Wakam made on the claim. But, as the claim was dealt with under the policy, this was Wakam's decision to make – and as I have said above, I consider it did this appropriately.

Mr S would though have been aware that he had a claim on his record when it came to the point of renewal. I don't think this would have changed the price of the policy he ultimately had to take out. If the record shows that there is a fault claim, then this is an accurate representation of the situation. And Mr S having knowledge of this record would not have changed this fact. It would though have avoided him being surprised when this fact emerged in the renewal process.

I appreciate that learning of this fact at this late stage would have caused Mr S, what he has described as, mental distress. And it is appropriate that Wakam compensate Mr S for this.

However, there are a range of outcomes that might be fair and reasonable. And quantifying the monetary compensation due to address the impact of a mistake is not an exact science. So, whilst I do consider that the offer made by Wakam is at the lower end of what is appropriate, taking things in the round, I am persuaded that this is an adequate response to Mr S's complaint. It follows that I cannot fairly and reasonably direct Wakam to do anything more.

My final decision

My final decision is that the offer made by Wakam when responding to Mr S's complaint is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 August 2025.

Sam Thomas
Ombudsman