

The complaint

Miss H has complained that Tradex Insurance Company PLC recorded a fault claim against her car insurance policy and didn't tell her.

For ease, all reference to the insurer Tradex in my decision includes its agents.

What happened

In September 2024 Miss H bought a car insurance policy with the insurer Tradex. In October 2024 Miss H reported a collision between her car and another car to Tradex. Miss H didn't want to claim for damage to her car. She didn't think she was at fault for the incident.

A few days later Tradex received a claim from a third party for damage to their vehicle. Based on the circumstances of the incident as Miss H had described, Tradex decided to settle the third party claim as a fault claim against Miss H's policy.

In January 2025 Miss H contacted Tradex to make a change to her policy. This is when she says she discovered Tradex had recorded a third party claim under the policy. Miss H complained to Tradex. She said she didn't receive anything from Tradex following her initial phone call. If she had been made aware Tradex had received a claim from the third party, and was aware it intended to record the claim as a fault claim, she would have contacted it as she didn't agree.

Tradex said it had correctly decided to hold Miss H at fault for the incident. It said it had emailed a letter to her in October 2024 to confirm it would record the claim as a fault claim. Tradex provided Miss H with a copy of the letter.

Although Tradex didn't believe it had done anything wrong, as a goodwill gesture it paid Miss H £100 compensation for the distress and inconvenience caused as it had already agreed to pay this.

Miss H remained unhappy and asked us to review her complaint.

One of our Investigators found that Tradex had written to Miss H in October 2024 to tell her about the third party claim and how it intended to settle it. She thought Tradex had settled the claim in a reasonable way and under the terms of the policy.

Miss H didn't agree. In summary she doesn't agree the incident was her fault and she says she didn't receive notification from Tradex in October 2024. So she wants an ombudsman 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.

Our role isn't to decide liability – but we can look at whether an insurer reached its decision reasonably and in line with the policy.

Miss H's policy has a very common term which I've seen in most – if not all – motor insurance policies. The key term is set out under Tradex's policy as follows:

“Accidents and Claims

The insurers are entitled under this policy to;

- *Take over and conduct the defence and settlement of any claim in your name or in the name of any other person insured by your policy.”*

This means Tradex can make a decision about liability which Miss H may not agree with, but the policy allows Tradex to do so. We don't disagree with this term in principle provided an insurer can show it treated its customer fairly when applying it.

I've listened to a recording of the call between Miss H and Tradex when she reported the incident. In summary Miss H said she was changing lanes, moving to the right. She said the road was clear and the other driver must have been speeding. The other driver collided into the side of her car. The agent said he would pass the details to the underwriter.

Based on Miss H's account, Tradex decided to record the third party claim as a fault claim. Miss H doesn't agree with its decision. Tradex explained the reason why it reached its decision when it replied to Miss H's complaint. Tradex wrote:

“Claims, such as the one we were faced with, are assessed on the balance of probabilities. In this case you accepted that you had been in the process of changing lanes. The third party was already established and moving in the correct lane which shifts the responsibility to you to ensure it is safe to change lanes. Based on the evidence available we have exercised our discretion and settled on the best terms available. We feel that had the matter proceeded to court the outcome would have been the same and I am satisfied the correct liability decision has been made and your policy contains a condition that allows us to take over and settle or defend the claim as we see fit.”

Our Investigator considered what the Highway Code says in relation to the manoeuvre Miss H was carrying out when the collision took place. Highway code 133 states:

“If you need to change lane, first use your mirrors and if necessary, take a quick sideways glance to make sure you will not force another road user to change course or speed. When it is safe to do so, signal to indicate your intentions to other road users and when clear, move over.”

Miss H says the other driver was travelling at speed, that she signalled before moving into the lane, and has never had an accident in all her years of driving. She believes Tradex should have contacted her for further information when it received a claim from the third party.

But I think Tradex had sufficient information from Miss H when it discussed what happened in her notification call. There is no evidence to support the speed either party was driving at. There was no CCTV or independent witnesses. I understand that Miss H says she had to follow the driver who later pulled over in order to exchange details. But this doesn't prove the other driver was at fault for the incident. So, based on the information provided by Miss H, the relevant Highway Code guidance, and what the policy allows, I think Tradex acted

reasonably in reaching the decision to settle the claim as a fault claim.

Miss H says she didn't receive a letter Tradex says it sent by email to her on 24 October 2024. It provided Miss H with a copy of the letter in response to her complaint in January 2025. Miss H says if she had received it in October 2024, she would have disputed Tradex's decision.

Tradex has provided a screenshot of its system note to show that at 3.07pm on 24 October 2024 an agent documented sending the letter to Miss H. I appreciate that Miss H wants better evidence to support what Tradex has provided, by way of a sent email record.

I'm not completely satisfied with the evidence Tradex has provided that it shows it sent Miss H an email attaching the letter when it said it did. So, I've considered whether the outcome or the impact would have been different if Tradex hadn't sent the letter in October 2024 – and Miss H wasn't notified of how Tradex had recorded the claim until January 2025.

Having done so, I find the outcome and impact would have been the same. I appreciate that Miss H says she would have disagreed at the time. But I think Tradex was entitled to decide liability based on the first account Miss H gave, which was just after the incident happened. And while not ideal, the third party could have made their claim later than they did, but the outcome for Miss H would have been the same.

Tradex paid Miss H £100 compensation as a goodwill gesture. As the outcome and impact would have been the same if Tradex hadn't advised Miss H of its decision until three months later, I find the compensation Tradex has already paid Miss H to be a reasonable way to resolve her complaint. The amount is in line with awards we give where an insurer has provided a poor service causing distress and inconvenience in similar cases.

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 Miss H to accept or reject my decision before 2 September 2025.

Geraldine Newbold
Ombudsman