

The complaint

Mr S complains that Tradex Insurance Company PLC ('Tradex') settled a third party claim made on his motor insurance policy, and it didn't communicate the outcome of the claim to him.

What happened

In February 2024, Mr S was involved in a road traffic accident with another vehicle. When reporting the incident to Tradex, he said he was driving down a road which was wet, a third party car in front stopped, and he then hit it in the rear.

Tradex received allegations from the insurer of the third party which held Mr S at fault for the accident saying that he had driven into the back of the third party's car, causing a severe impact and injury to their neck.

Mr S wrote to Tradex and disputed causing any injury, saying there was no sign of injury when the third party left their vehicle and the impact was too light to have caused any whiplash type injury.

Tradex ultimately decided to accept liability and settled a claim for damage to the third party's vehicle. But it declined to settle the personal injury claim due to the low speed of the impact.

Mr S complained that it was unfair that Tradex had accepted liability, and that it also hadn't updated him on how the claim was settled.

On 19 December 2024, Tradex provided a final response to this complaint. It said given that Mr S had admitted the circumstances of the accident were that he'd hit a third party vehicle in the rear, it considered him at fault and accepted liability. It acknowledged Mr S said there was no damage to the third party vehicle, but the third party insurer had presented a claim showing that their vehicle had sustained damage requiring repair.

Tradex accepted that there had been some poor communication on the claim as it hadn't kept Mr S updated on the outcome of the claim. So, in recognition of the distress and inconvenience caused, it compensated him £75.

Dissatisfied with this response, Mr S referred his complaint to us. Our investigator didn't think Tradex had acted unfairly by accepting liability based on the circumstances of the incident, or by paying the claim for damage to the third party vehicle given that the third party insurer had provided evidence of the damage and costs involved to repair the vehicle. And he found the £75 compensation Tradex paid for the communication issue to be fair and reasonable.

Because Mr S didn't agree, the complaint was referred 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.

Having done so, while I understand Mr S will be disappointed by this, I've decided not to uphold the complaint. I'll explain why.

I've begun by looking at the policy terms. These say that Tradex has discretion in the conduct of any proceedings or in the settlement of any claim. This isn't unusual as car insurance policies usually contain wording like this which gives the insurer the discretion to decide which position to take on liability.

Although the terms gave Tradex this discretion, it must exercise it fairly. So, I've considered if it did.

Looking at the evidence, I'm satisfied that along with considering the third party's version of events, Tradex also obtained and considered Mr S's version of events. Broadly, the circumstances aligned in that both parties set out that Mr S had collided with the rear of the third party vehicle. Tradex ultimately decided to accept liability based on it thinking Mr S hadn't left enough stopping distance to avoid the collision.

Given that Mr S accepted that he had hit the third party in the rear, and Tradex had a reasonable rationale for why this meant he'd be deemed at fault, I don't think it unfairly exercised its discretion to accept liability for the incident.

I've next considered if it was reasonable for Tradex to settle the third party's claim for the damage to their car.

Tradex wrote to Mr S on 9 December 2024 and said it had paid £4,478.69 which included the cost of vehicle damage, vehicle hire and an engineering fee.

Mr S says the cost of repairs was inflated. And he's provided a copy of a text message from the third party which shows they approached him in February 2024 and asked him to pay £420 following an estimate they'd had carried out by a mechanic.

Tradex has provided a copy of the repair invoice it was provided by the third party insurer. This shows the total cost of repairs was £2,029.49. This invoice provides a breakdown and itemisation of parts used in the repairs.

I can appreciate the confusion here given that the third party only asked Mr S to pay £420. However, ultimately the third party claimed through their insurer and once Tradex accepted liability for the incident, it was required to settle the third party insurer's costs, including what was paid to rectify the damage to the vehicle from the incident.

Ultimately, I don't think Tradex unfairly settled the third party's claim for damage to their car. Had it not done so, it potentially could have further increased the cost of the claim as the third party insurer may have decided to litigate. Tradex could only reasonably have disputed the costs if it thought there was a likelihood it could successfully challenge liability, or if it thought the repairs carried out weren't consistent with the accident which had happened or in keeping with the cost that repairs of the type would typically be.

Since Tradex had a fair and reasonable basis to accept liability and was provided with evidence of damage to the third party car and an invoice for the cost of repairs which showed repairs were carried out to the area of impact on the third party vehicle, I don't find

Tradex acted unfairly towards Mr S by settling the third party's claim for the damage to their car.

I've lastly considered the communication issue on the complaint. Tradex doesn't dispute that it should have confirmed to Mr S the settlement status on the claim and because it didn't, it paid him £75 compensation.

Mr S says that he was caused a great deal of anxiety due to the personal injury claim the third party presented and left to worry about the implications it may have had on his insurance cover in the future.

I don't dispute some distress would have been caused to Mr S by the third party presenting a personal injury claim if he didn't consider the third party to have been injured from the accident.

But it was outside of Tradex's control that the third party presented this claim. And I can't consider or make any findings about what the third party, or their insurer did. I can only consider Tradex's actions.

Tradex received allegations from the third party insurer on 27 February 2024 that Mr S was at fault for the accident and that their driver had been injured. And Mr S wrote to Tradex on 29 February 2024 disputing any personal injury being caused to the third party.

Following this, Tradex wrote to the third party insurer on 2 April 2024 to formally dispute the personal injury claim and to say it would not be making any payments for this. Tradex then wrote to Mr S on 15 August 2024 to say it was expecting to close the claim shortly but was waiting to authorise a payment.

It then wrote to Mr S on 19 August 2024 to say the claim was now settled. Mr S queried what it meant by this, and it replied on the same day saying that it didn't make any payments to the third party insurer for the personal injury claim. Tradex then shared with Mr S the details of the claim settlement amount on 9 December 2024.

I think Tradex could have shared with Mr S the claim settlement details in its email in August 2024 and that it should have updated Mr S in April 2024 about the position it was taking on liability for the personal injury claim. So, I think some distress was caused by this because Mr S had clearly set out he was disputing causing a personal injury, so he would have wanted to know whether Tradex were supporting his position on this or if it would be conceding liability for personal injury claim made by the third party.

I acknowledge Mr S was concerned about the claim. But I see no reason to think Tradex wouldn't have provided him an update on the position it was taking on the personal injury claim had he contacted it between April 2024 and August 2024 to ask for an update.

Nonetheless, Tradex should have proactively kept Mr S updated on the claim, and I don't think it did so by not informing him of the position it was taking on the third party personal injury claim. However, I find £75 compensation to be in line with our award levels for the distress and inconvenience Tradex caused Mr S for the poor communication on the claim.

So, although I find there were some issues with Tradex's communication to Mr S on this claim, I think it has already provided a fair and reasonable response to that. So, I won't be requiring it to pay any further compensation.

My final decision

My final decision is that I do not 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 8 August 2025.

Daniel Tinkler
Ombudsman