DRN-5672729

The complaint

Miss B complains about how Mulsanne Insurance Company Limited handled and settled a claim made against her motor insurance policy by another driver.

What happened

Another driver said Miss B had collided with their car. But Miss B said no collision had taken place and the claim was fraudulent. She thought this was shown by a court decision to acquit her of three motoring offences. But Mulsanne held Miss B at fault and settled the other driver's claim. Miss B thought Mulsanne hadn't sufficiently considered the other driver's claim. She was unhappy that its decision would lead to an increase in her premium.

Our Investigator recommended that the complaint should be upheld in part. He thought Mulsanne had reasonably considered the evidence available and settled the other driver's claim as it was entitled to do by the policy's terms and conditions. He explained that Mulsanne had relied on the civil standard of proof while the court relied on a criminal one.

But he thought Mulsanne should have provided Miss B with a better level of service. He didn't see conclusive evidence that Mulsanne had twice written to Miss B about the claim. He thought Mulsanne should have done more to try and contact Miss B about the other driver's allegations to get her version of events. He thought Mulsanne hadn't dismissed evidence that the other driver's car had extensive pre-existing damage. But he thought Mulsanne hadn't responded to Miss B and her solicitor's requests. He thought Mulsanne should pay Miss B £450 compensation for the impact of its service failings.

Mulsanne agreed to do this. But Miss B replied that the court had acquitted her and found that there hadn't been a collision. She thought Mulsanne had paid for unrelated damage. As Miss B didn't agree, her complaint has come to me for a final 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.

I can understand that Miss B feels frustrated that Mulsanne settled another driver's claim against her when she feels it was fraudulent. She said it cost her £6,000 to defend the matter in court. But it was the police's decision to prosecute Miss B. So I can't reasonably hold Mulsanne responsible for this. The Investigator has already explained that Miss B should contact the underwriter of her legal expenses cover to see if it can assist with her costs.

Miss B said another driver had pulled out in front of her car and she had narrowly avoided a collision with their car. The other driver said Miss B had clipped their headlight and bumper and then failed to stop. The police became involved, and Miss B had to attend court to defend three charges.

The investigator has already explained that it isn't our role to decide who was responsible for causing an accident or determining if one took place. This is the role of the courts. Instead, our role in complaints of this nature is simply to investigate how the insurer made the decision to settle the claim. Did it act fairly and reasonably and in line with the terms and conditions of the policy? And has it treated Miss B the same as someone else in her position.

As set out on page 15 of Miss B's policy booklet, Mulsanne is entitled under the terms and conditions to take over, defend, or settle a claim as it sees fit. Miss B has to follow its advice in connection with the settlement of a claim, whether she agrees with the outcome or not. This is a common term in motor insurance policies, and I do not find it unusual. Insurers are entitled to take a commercial decision about whether it is reasonable to contest a third party claim or better to compromise.

That said, we expect an insurer to reasonably investigate a claim and consider the evidence available before making a decision on liability.

Mulsanne said it initially accepted liability for the claim when Miss B didn't respond to two letters it sent to her asking for her version of events. It said it wasn't then able to defend the claim and automatically accepted liability on her behalf.

But Miss B said she didn't receive these letters. She said she first heard about the claim when she was contacted by the police a month after the incident. Mulsanne had yet to settle the claim. But it went on to pay the other driver's claim for repairs and personal injuries.

Mulsanne said it made this decision after it considered the evidence available. This was the other driver's and his passenger's allegations, dashcam footage provided by an independent witness, repairs estimates, photos of damage caused, medical reports on personal injuries and the police's decision to press charges.

Miss B said the dashcam footage didn't show the collision. And she said the court had dismissed the claim because of this. But I haven't been provided with evidence to show this. From what I can understand, the court dismissed the charges against Miss B relying on the criminal standard of proof that it was beyond reasonable doubt that she was guilty of the charges against her. But I haven't seen evidence to show that it found that a collision didn't occur.

Miss B thought the personal injuries claims were exaggerated. But I can see that they were supported by expert medical reports. And I think it was reasonable for Mulsanne to rely upon this evidence.

Similarly, Miss B thought the other driver's car had pre-existing damage that had inflated the claim. But I think Mulsanne relied on an engineer's report and photographs of the damage. I don't think Mulsanne would pay for any damage when it wasn't necessary. So again, I can't say it did anything wrong in this.

Miss B also thought the repairs costs would have made the car uneconomical to repair. But I haven't seen evidence to show this.

I can see that Mulsanne considered the evidence available. And it thought that based on this it would be unlikely to successfully defend Miss B if liability was tested in a court. The court would rely on the civil standard of proof, on the balance of probabilities, that it was more likely than not that Miss B had caused a collision. And I think it's entitled by the policy's terms and conditions to decide this after reasonably considering the evidence available. So I can't say that Mulsanne did anything wrong or that it needs to change how the claim is recorded.

But Miss B was concerned that her version of events hadn't been considered. Mulsanne has provided us with copies of letters it said its agent sent to Miss B after it received the other driver's allegations. I can see that they are addressed correctly. But Miss B said she didn't receive these letters, and I have no reason to doubt her. And Mulsanne hasn't been able to provide us with screenshots as evidence that the letters were despatched. So I don't have conclusive evidence to show that the letters were correctly sent to Miss B.

I also think that when Mulsanne didn't receive a response from Miss B it should have tried to contact her by other means. It said it didn't have her email address and phone number on file. But I think it could have readily obtained these from her broker. And I think that if Mulsanne had done more to try and contact Miss B she would have been able to provide her version of events sooner.

I think this failing on Mulsanne's part caused Miss B avoidable frustration. But Miss B's version of events didn't cause Mulsanne to change its decision. So I can't say that this failing caused her any detriment.

Mulsanne also didn't respond to Miss B and her solicitor's repeated requests for information to support her court case. Again, I think this caused Miss B avoidable trouble and upset. Mulsanne offered Miss B £50 compensation for this service failing, which she rejected.

Our Investigator recommended that Mulsanne should increase its compensation to £450 for this and its other service failings. I think that's fair and reasonable as it's in keeping with our published guidance for where repeated errors have caused an impact over several months.

Putting things right

I require Mulsanne Insurance Company Limited to pay Miss B £450 compensation in total for the distress and inconvenience caused by its level of service, as it's already agreed to do.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require Mulsanne Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 8 September 2025.

Phillip Berechree
Ombudsman