

The complaint

Mr G has complained about the way Highway Insurance Company Limited dealt with a third-party claim against him under his motor insurance policy.

What happened

Mr G was involved in an accident with a third-party vehicle. He reported the incident to Highway. Highway received a claim from the third-party insurance company (TPI) after they'd paid out to repair the third-party vehicle. It settled the claim by reimbursing the TPI's outlay in full.

Mr G complained about this because he didn't think there was any damage to the third-party vehicle. Highway accepted it could have carried out a better investigation into the extent of the repairs the third-party had claimed for, but it felt that overall its decision to reimburse the TPI was correct.

Mr G wasn't happy with Highway's response to his complaint, so he asked us to consider it. One of our investigators did this. She said Highway should have rejected the claim from the TPI on the basis it was exaggerated and so fraudulent. And she said Highway should mark the claim as non-fault, refund any extra premium Mr G had paid as a result of it being recorded as a fault claim and pay him £200 in compensation for distress and inconvenience.

Neither Mr G nor Highway were happy with the investigator's view and asked for an ombudsman's decision. Highway didn't agree it was wrong to settle the claim from the third-party insurer. And Mr G thought Highway should have to pay a lot more to put things right. He also said Highway needed to be punished for its failure to deal with the third-party claim properly. And that he had to scrap his vehicle because he couldn't afford insurance with a fault claim on his record.

I issued a provisional decision on 30 June 2025 in which I set out what I'd provisionally decided and why as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I should explain first of all that the claim Mr G made was clearly as a result of an accident that was his fault, as he went into the back of the third-party vehicle. But if Highway could have successfully defended the third-party claim it would have been marked on the central database for recording claims as 'bonus-allowed' with a zero payment against it.

Bonus-allowed basically means it is a claim that doesn't affect the policyholder's no claim discount (NCD) in any way, i.e. that is either it wouldn't affect the discount itself or count as a claim against the number of bonus disallowed claims allowed under a protected NCD. So, if I conclude that Highway should have rejected the third-party's claim in its entirety I would then require Highway to mark the claim against Mr G as bonus-allowed.

I agree with our investigator that Highway should have carried out a better investigation into the claim from the TPI. And it is clear from Highway's case notes the complaint handler thought it should have obtained the engineer's report on the damage to the third-party

vehicle. And that they thought the third-party had claimed for more damage than Mr G had caused.

I appreciate that Highway did have the right to take over and handle a claim against Mr G as it felt appropriate under the terms of his policy. But the evidence I have seen, which is the video and photographs provided by Mr G and Highway's own claim notes which acknowledge the cost of the third-party claim was too high for all the damage claimed for to have been caused by Mr G, suggests to me the third-party claim was exaggerated. This is because they clearly claimed for damage that wasn't caused by Mr G. And because the claim was exaggerated it was fraudulent and should have been rejected by Highway in its entirety. So, it is not correct for Highway to suggest that Mr G's position has not been prejudiced because it would always have had to pay something for the damaged he caused to the third-party vehicle. That sort of approach encourages fraud, whereas it needs to be dealt with severely to discourage it and keep premiums down.

So, I do think Highway needs to change how the claim is recorded on its record and on the Claims and Underwriting Exchange (CUE), which is a central database for recording claims, to bonus-allowed (often referred to as non-fault). However, I do not think Highway needs to refund any extra premium Mr G has paid as a result of having to declare a bonus-disallowed (fault) claim. This is because once it has been changed he can ask any subsequent insurers to recalculate his premium and provide him with a refund, if appropriate, on the basis the claim was incorrectly recorded as a bonus-disallowed (fault) claim.

But I do think Highway should also pay Mr G £200 in compensation for the distress and inconvenience he has experienced due to its inadequate investigation. This is because it clearly frustrated Mr G. And he was left thinking that the third-party's claim was exaggerated and should have been declined. Whereas, if Highway had investigated the claim properly it could have rejected it and recorded it as bonus-allowed and this would have given Mr G at least some peace of mind.

I appreciate Mr G thinks we need to punish Highway for its inappropriate handling of the third-party claim, but that is not our role. And I am satisfied that what I have suggested Highway needs to do to put things right is fair and reasonable in all the circumstances. And I do not consider Highway can be held responsible for Mr G's decision to scrap his vehicle, as there are a number of factors that would have led to his decision to do so. And, ultimately, it was his choice.

My provisional decision

I've provisionally decided to uphold Mr G's complaint about Highway Insurance Company Limited and make it do the following:

- *Change the record of the claim against him to bonus-allowed (non-fault) on its records and on CUE.*
- *Pay Mr G £200 in compensation for distress and inconvenience.*

I gave both parties until 14 July 2025 to provide further comments and evidence in response to my provisional decision.

Highway responded to say it was considering the £200 compensation I intended to award for distress and inconvenience. But it asked for clarification on why the claim should be marked as a non-fault, when it has a recording of a call in which Mr G stated he hit the third-party vehicle from behind, which is why it has been recorded as a fault claim.

Mr G has responded to express his strong disagreement with my provisional decision. He thinks it sends a concerning message to consumers like him who rely on fair treatment and

transparency. And he doesn't believe the video evidence he has provided has been adequately considered. And he has asked me to reconsider the outcome to his complaint based on the evidence provided.

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, my view on the fair and reasonable outcome to Mr G's complaint remains the same as set out in my provisional decision.

I have noted Highway's further comments. However, I did not state in my provisional decision that Mr G's claim should be marked as non-fault. I said it should be marked as bonus-allowed. It should be clear to Highway from my provisional decision that I think the accident and the actual damage to the third-party vehicle was Mr G's fault. But my point is that Highway should have rejected the third party claim in its entirety because it was most likely exaggerated and so fraudulent. If it had done this, it would not have made a payment to the third party and the claim would not then have affected Mr G's no-claim bonus, irrespective of fault. And this is why I require Highway to mark the claim as bonus-allowed. And I think it is worth me saying that the reference to the claim being fault or non-fault by Highway is unhelpful, as it is not how the claim is actually recorded on the Claims and Underwriting Exchange. And there is a good reason for this, which is that it is not about who was at fault for an accident giving rise to a claim, it is about whether or not the insurer makes a payment on the claim and, if it does, whether it has been able to recover its outlay.

I have noted Mr G's comments. And I can assure him I have carefully considered the evidence he has provided. In my opinion the video he has provided shows it is most likely he did cause some damage to the third party vehicle. I say this because the third party can clearly be seen and heard suggesting that Mr G had pushed the bumper back in on his van. And, as it is clear Mr G had driven into the back of the van, I consider it most likely this is what happened. And this suggests to me there was some damage to the third-party vehicle. But not as much damage as the third party actually claimed for. This meant his claim was exaggerated and so fraudulent and should have been rejected outright by Highway because of this. And, if Highway had properly investigated the matter, I think it would or should have reached this conclusion.

In summary, it remains my view that Highway's inadequate investigation into the third-party claim against Mr G led to it settling it, as opposed to rejecting it. And this prejudiced Mr G because he ended up with a bonus-disallowed claim against his record instead of a bonus-allowed one.

Putting things right

For the reasons set out above, I've decided to uphold Mr G's complaint about Admiral and make it do the following:

Mark the claim against Mr G's policy by the third-party as bonus-allowed on its records and on any central databases it has placed it on.

Pay Mr G £200 in compensation for distress and inconvenience.

My final decision

I uphold Mr G's complaint about Highway Insurance Company Limited and require it to do

what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 August 2025.

Robert Short
Ombudsman