

## **The complaint**

Ms O has complained about Advantage Insurance Company Limited's decision to settle a claim by a third party against her under her car insurance policy.

## **What happened**

A third party accused Ms O of hitting his car with her car when she was driving past it. His representative claimed for the repairs to his car and also said he wanted to make a claim for personal injury. Ms O told Advantage she did not hit the third party's car. Initially Advantage rejected the third party claim because of this. But when the representative threatened to issue proceedings, it arranged for an engineer to inspect the third party's car. When he went to do this the repairs to the third party's car had already started, so he couldn't review the damage as it was at the time of the accident. But he did say there was damage to the third party's car and that the cost of repairing it that the representative was claiming was reasonable. Advantage also obtained a 'consistency report' from a specialist engineer. He said he felt that due to the type of damage to Ms O's car and to the third party's car, it would be difficult to argue that there was no contact by Ms O's car with the third party's car. Once it had received this report Advantage decided to settle the third party's claim for damage to his car. But it refused his claim for personal injury.

Ms O wasn't happy with Advantage's decision and felt she had been misled by a case handler who'd told her Advantage weren't going to pay the third party's claim. Advantage investigated Ms O's complaint and issued a final response. It said it thought the decision to pay the third party's claim was reasonable. But it acknowledged that its case handler could have been clearer with Ms O on what was going to happen. And it paid Ms O £30 in compensation for the distress and inconvenience she had experienced due to any poor handling. It had previously paid £100 for this, although Advantage did not mention this in its final response letter.

## **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.

Ms O's policy with Advantage has the following term in it:

*Your insurer has the right to*

- *Carry out the repair; and*
- *Take over and conduct the defence or settlement of any claim under the policy for its own benefit. This includes taking proceedings in your name, or in the name of any other person claiming under the policy at its own expense...*

This means that Advantage had the right to decide whether or not to settle the third party's claim against Ms O. However, in order to treat Ms O fairly as its customer, it should only have done this if it was reasonable for it to do so, based on the evidence available. And I

think Advantage's decision to settle the claim was reasonable based on the evidence it had.

I do of course understand Ms O's frustration at being accused of causing damage she is sure she didn't actually cause. But the reality is that the legal system in the United Kingdom evidence is assessed to decide what is more likely than not to have happened. Evidence in a motor insurance claim is generally the accounts of the parties making the claim, statements from independent witnesses, evidence of damage and repairs and expert engineer's evidence. And, unfortunately for Ms O, with the claim against her the evidence supported the third party's claim. So, if the case had gone to court it is highly likely the court would have decided in the third party's favour. In view of this, Advantage had little option but to settle his claim to avoid wasting unnecessary resource and money on defending it.

In the circumstances, I do not think Advantage did anything wrong when it decided to settle the third party's claim under Ms O's policy.

It does seem as though Advantage could have done better with its communications with Ms O and I think £130 in compensation for the distress and inconvenience she experienced is appropriate. As far as I can see, Advantage paid this amount in two payments to Ms O. And I can't see anything to suggest Ms O managed to get her bank to return these payments. But, if she did, I'd expect Advantage to send Ms O £130 if she wants it to do so.

### **My final decision**

For the reasons set out above, I do not uphold Ms O's complaint about Advantage Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 19 November 2025.

Robert Short  
**Ombudsman**