

The complaint

Mrs A complains that U K Insurance Limited (“UKI”) mishandled a claim on her motor insurance policy.

What happened

The subject matter of the insurance was a multi-purpose vehicle made by a premium-brand car-maker and first registered in 2011.

Mrs A acquired the car in 2018.

In January 2021, Mrs A’s vehicle hit a third party and at least one of them made a claim.

In May 2021, a third party hit Mrs A’s vehicle, but no-one made a claim.

Those two incidents were recorded in UKI’s policy schedule when Mrs A insured the vehicle with UKI from 10 September 2021. The policy documents said that Mrs A had 5 years no-claims discount (“NCD”) which was “protected”.

On 25 May 2022, Mrs A called UKI and reported an incident with a third party. On the same day, UKI emailed Mrs A. It recorded a fault claim against Mrs A, including on Claims Underwriting Exchange (“CUE”).

On 26 May 2022, UKI sent Mrs A text messages.

On 10 June 2022, UKI sent Mrs A a text.

On 29 June 2022, UKI contacted the third party, who accepted its offer of repairs and a hire car.

UKI paid repair costs of nearly £1,500.00 and hire costs.

From 10 September 2022, Mrs A changed insurers.

From September 2023, she and the new insurer renewed the policy.

From 10 September 2024, Mrs A changed to another different insurer.

On about 13 September 2024, the new insurer said that Mrs A hadn’t disclosed some information it had found on CUE, so it treated her policy as void. Mrs A received increased quotes for a replacement policy.

Mrs A complained to UKI that it hadn’t communicated after the text on 10 June 2022.

By a final response dated 24 September 2024, UKI accepted the complaint in part. It didn’t accept that it was incorrect to record a fault claim that affected future premiums. However

UKI accepted shortcomings in its communication and said it was sending Mrs A a cheque for £400.00.

Mrs A brought her complaint to us in late January 2025. She asked us to direct UKI to pay compensation for the difference in her future car insurance premiums for the next four years. Our investigator didn't recommend that the complaint should be upheld. She thought that the £400.00 payment was fair and reasonable.

Mrs A disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint. She says, in summary, that:

- She caused no damage to the third party's car.
- During her initial phone call, she explained that her car door merely touched the third party's door as she was exiting her vehicle. She also made it very clear that the third party's car already had multiple scratches and dents. She told UKI the third party might make a fraudulent claim for pre-existing damage.
- The third party never contacted UKI. Instead, UKI reached out to him without notifying her and leading to excessive repairs being carried out.
- She wants UKI to remove the claim from CUE. If that is not possible, it would be fair for UKI to cover the increase in insurance premiums in the years that follow.

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.

UKI's policy terms included the following:

*"When we can act on your behalf
We're entitled to do either of the following:
> Take over and carry out the negotiation, defence or settlement of any claim in your name...
> Start legal proceedings in your name... This can be for your benefit or our own benefit."*

The effect of that term was that, on a question of how best to deal with a claim from a third party, UKI's view would prevail over its policyholder's view. That's not an unusual term in a motor policy.

I will consider whether UKI treated Mrs A fairly. Unlike a court, we don't hear from each driver and decide the extent to which either of them caused damage.

The final response referred to the telephone call on 25 May 2022 as follows:

"I've listened to the call you made to us on this date, and you clearly explained that you barely touched the other vehicle and no damages were caused. You said the Third-Party got annoyed and claimed that you dented their vehicle, so you took photos and videos to evidence that no damage was caused. You also said their vehicle already had dents/damage in other areas and the Third-Party said he was looking to sell the vehicle, which raised your suspicions of them acting fraudulently."

That description corresponds with what Mrs A said after she obtained a recording. So I haven't found it proportionate to listen to it.

Mrs A used the phrase “*barely touched*” but UKI made a note of the phrase “*lightly scraped*”.

UKI’s email dated 25 May 2022 had an attached letter that included the following:

“Based on the information you have given us your claim will be recorded as a Fault liability claim as we believe you were at fault for the accident. As a result we will look to settle any claims made by the other person.”

Mrs A has said that she didn’t open the attached letter. Nevertheless I find that UKI had told her that it would register a fault claim and look to settle any claims made by the third party.

Mrs A has shown us that on the evening of 25 May 2022, she emailed UKI a photograph of the third party’s vehicle. That photograph includes a finger (belonging to the third party) pointing at the vehicle.

The texts on 26 May 2022 asked Mrs A to call to provide more information about the third party. Mrs A didn’t respond.

On 10 June 2022, UKI sent Mrs A a text as follows:

“Thank you for notifying us of the incident you were involved in. We will keep the file open until 25/08/2022 in case we hear anything from the other insurer. If we do hear anything, we will contact you, otherwise you can assume it has been closed.”

In fact, UKI pro-actively contacted the third party. I don’t find that unfair or unreasonable. However, I do find it unfair that UKI didn’t keep its promise to contact Mrs A.

I’ve seen photographs taken by the repairer of the third party’s vehicle (which had four doors). Almost all of the photographs show yellow markings to indicate damaged areas. That includes an area on the offside rear door that I consider corresponds to the area indicated by the finger in Mrs A’s photograph.

UKI hasn’t provided evidence of any investigation into the consistency of the damage with the circumstances of the incident. The invoice for repair includes offside front and rear doors.

However, I keep in mind the policy term quoted above. I also keep in mind that evidence may have been lost since 2022. So I don’t consider that it would’ve been unfair for UKI to regard the damage and the repair invoice as likely caused by Mrs A. So I don’t consider that UKI treated Mrs A unfairly by closing the claim as a fault claim against her.

Different insurers assess risk and set premiums in different ways at different times. That said, many insurers place more weight on the existence of a claim rather than on the size of the claim settlement. So I’m not persuaded that UKI caused any prejudice to Mrs A insofar as it paid for repair beyond the damaged area on the offside rear door.

However, UKI didn’t tell Mrs A when it settled the claim. I don’t condone that.

Consumer Insurance (Disclosure and Representations) Act 2012 puts a duty on a consumer to take reasonable care to avoid making a misrepresentation to an insurer when taking out a policy. So an insurer is entitled to rely on what a consumer says, without checking CUE.

Mrs A had been involved in incidents in January 2021, May 2021 and May 2022. And UKI had sent her an emailed letter saying that it would record a fault claim against her.

Most insurers and comparison websites ask whether in the previous five years a driver has been involved in an incident, accident or claim regardless of fault. So after the incident on 25 May 2022, the correct answer up to 25 May 2027 would be yes.

I have no reason to doubt Mrs A's statement that her insurer between September 2022 and September 2024 didn't mention the 2022 fault claim. I infer that Mrs A hadn't told that insurer about the May 2022 incident. So she had the benefit of two years without a premium affected by the 2022 fault claim.

I haven't seen enough evidence of what questions the insurer asked her in September 2024 or what answers Mrs A gave. However, I find it more likely than not that the insurer or a comparison website asked her whether in the previous five years she'd been involved in an incident, accident or claim. So I find it more likely than not that – regardless of whether she knew of the 2022 claim – Mrs A should've told the insurer about the May 2022 incident.

Also Mrs A hasn't shown us that the insurer treated her policy as void because she failed to disclose the 2022 claim or other claims.

For those reasons, I don't hold UKI responsible for her non-disclosure or for the insurer's remedy of treating the policy as void.

So I don't find it fair and reasonable to direct UKI to compensate Mrs A for the effect of the 2022 fault claim (or of the voidance) on her premium for the policy years from September 2024 onwards.

I accept that the shortcomings in UKI's communication caused Mrs A distress and inconvenience that lasted for months after she found out in September 2024 what had happened. However, I consider that Mrs A could've done more to find out earlier what had happened, and she could've disclosed the 2022 incident.

I'm satisfied that £400.00 is at least as much compensation for distress and inconvenience as I would've found fair and reasonable if UKI hadn't already made that payment.

I don't conclude that it would be fair and reasonable to direct UKI to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct U K Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 29 September 2025.

Christopher Gilbert

Ombudsman