

The complaint

Mr and Mrs G complain about First Central Underwriting Limited's (First Central) handling of Mrs G's motor insurance claim.

What happened

In November 2024, Mrs G contacted First Central to report a car incident she didn't think she was at fault for. She said the third party (TP) entered the motorway from the slip road and then broke abruptly when she was behind him, causing her to hit the TP car in the rear.

First Central said due to the circumstances of the incident Mrs G would be held fully responsible, unless it received dashcam footage or CCTV to support that the TP car stopped in front of her abruptly as she'd described.

On the first notification of loss call Mrs G told First Central that the incident occurred when she was on her way home from work. But it said the policy in place didn't provide cover for commuting so it declined her claim. It said Mrs G had broken the terms of the policy agreement – a breach of contract – which meant it wouldn't cover the claim or the damage to Mr and Mrs G's vehicle.

Mrs G complained to First Central because she was unhappy it accepted liability for the incident and recorded a fault claim against her. And she said she was unaware the policy didn't cover commuting so didn't think it was fair to decline her claim. But First Central maintained its position in its final response letter.

Following this, First Central carried out a further review. It said because Mrs G had disputed liability it would request further liability evidence from the TP. When this complaint was referred to us, First Central was in communication with the third party insurer to get a clearer picture of the TP's version of events- it said the claim remained open and no agreement had been made on liability.

However, First Central said if Mrs G was held responsible for the incident it was going to deal with the TP's claim under its obligations set out in the Road Traffic Act (RTA). This meant First Central would cover the TP's uninsured losses only. And it said it may then look to recover those costs from Mrs G.

Mr and Mrs G complained to this Service. They said they didn't agree that First Central should deal with any of the TP's claim because they didn't agree Mrs G was at fault for the incident. Mrs G also said that First Central dealt with the claim without her consent, and she thought a split liability decision would be more reasonable. Mr and Mrs G said they had to sell their car, and First Central didn't pay them anything for it and they didn't think this was fair.

Our Investigator didn't recommend we uphold the complaint. She said First Central acted in line with the policy terms and conditions when it said it was going to settle Mrs G's claim as a fault one initially. She also said if it did deal with the TP's claim, its liability was restricted to

meeting the requirements of the RTA- which means it may seek to recover the costs it paid to the TP from Mrs G – she thought that was fair.

Mrs G said she didn't understand why First Central were requesting her consent to deal with the claim if the policy terms and conditions already gave it the right to deal with it. She also said First Central failed to explain Article 75 and how this would affect her and she had requested a police report of the incident but was told this was usually requested by the insurer. She thought that First Central should've requested this as part of its investigation and thought this supported that it didn't carry out a fair investigation of her claim.

As Mr and Mrs G didn't agree with our Investigator, the complaint has been passed 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.

And having done so, I've decided to not uphold this complaint and I'll now explain why.

As this is an informal service, I'm not going to respond here to every point or comment on every piece of evidence Mr and Mrs G and First Central have provided. Instead, I've focused on those I consider to be key, or central to the issue in dispute.

I should first explain that it's not for this Service to say who is at fault for causing an incident, that is the responsibility of the courts. Our role is to look at whether First Central carried out a fair investigation, obtained and reviewed all of the evidence it should have and decide whether it has come to a reasonable decision based on that evidence.

It's worth setting out here that when an insurer records a 'fault' claim it records this on The Claims and Underwriting Exchange (CUE) as 'bonus disallowed'. Most open claims are also recorded as bonus disallowed until they are settled too. So, in effect, they act like 'fault' claims in most circumstances.

The key issues in Mr and Mrs G's complaint are that First Central has declined to cover the claim for damage to their vehicle and wanted to hold Mrs G liable for the incident, and as a result for the cost of the TP's uninsured losses too. First Central has since decided to investigate liability further, so a decision on how to settle the claim is yet to be made.

But First Central maintains its decline of Mrs G's claim on the grounds that she's a named driver on the policy, used the insured vehicle to commute to and from work, when the policy specifically excluded cover for this purpose.

Mrs G's complaint has two main points. She disagrees that she should be held fully liable for the incident. And she said she was unaware the policy didn't provide cover for commuting and thinks declining her claim is unfair as a result. I'll consider each point below.

Liability

I've read Mr and Mrs G's policy terms and conditions. This allows First Central to takeover, defend or settle a claim. This policy term is included in most car insurance policies. This means it has the ultimate and final say in how to settle a claim made on or against this policy. So, that means, it may make decisions its policyholder or named driver doesn't agree with. However, First Central should exercise this right fairly and reasonably, taking into account all of the information provided by both parties about the claim.

Mrs G disputes she was responsible for the incident because she says the TP broke abruptly when entering the motorway and says this is what caused her to hit the TP car in the rear. First Central said because both parties were travelling in the same direction, the driver in the rear (Mrs G) would usually be held 100% liable because they didn't keep a safe breaking distance. It said it wasn't provided with the reason why the TP broke abruptly in front of Mrs G after joining the motorway, and it said in any event it would be difficult to pursue Mrs G's claim (that the TP was at fault) because speeds on motorways are higher and require drivers to leave a greater stopping distance in between themselves and other vehicles. In the absence of any further evidence such as CCTV or dashcam footage First Central didn't think it had evidence to prove Mrs G's version of events about the incident. It's said this is why it initially looked to accept liability for the incident.

First Central said it attempted to engage with the TP insurer about liability, but it wasn't forthcoming. First Central also said because Mrs G hadn't completed the consent and indemnity form it was unable to pursue the matter and would redirect the TP insurer to Mrs G. But as stated above First Central has now agreed to investigate liability further following disputes from Mr and Mrs G.

Ultimately, while I appreciate Mr and Mrs G are unhappy First Central initially said it would record the claim as bonus disallowed, I'm satisfied First Central has treated Mrs G fairly when it kept the claim open and continued to investigate liability after she disputed responsibility for the incident.

Not dealing with Mrs G's claim

First Central said Mr and Mrs G's policy didn't provide cover for commuting, so it declined Mrs G's claim because it found out she had been using her car for a use not permitted by the policy at the time of the incident. Mrs G said she was unaware the policy didn't provide cover for commuting.

Mr and Mrs G's policy documents clearly explain they weren't covered for using their car for any purpose not listed on their certificate of motor insurance. The welcome email for the policy was sent in February 2024, and the certificate of insurance was attached and said the permitted use of the vehicle was 'Use for Social, domestic and pleasure purposes only, excluding commuting use'. So, this information was clearly stated and accessible to Mr and Mrs G.

Looking at the certificate, it's clear that Mrs G wasn't covered for driving to and from work. Based on policy terms Mr and Mrs G agreed to alone, First Central is entitled to decline Mrs G's claim because the incident happened when she was driving home from work – so commuting, a use not covered by the policy. But I still need to consider whether that leads to a fair outcome.

Mr and Mrs G's policy says they must advise First Central of any changes after the policy has started such as '*what you use your car for*'. I'm satisfied that was made clear. Mrs G also said that she used the car regularly for commuting. So I find that this was an important change in use that she should've told First Central about. Mrs G said she didn't tell First Central about the change in use because she was unaware the policy didn't cover commuting. But I can't fairly say not knowing what was covered is a reasonable reason for not telling First Central about the change in use, especially if using the vehicle for an unpermitted use regularly, such as the case here.

Because Mr and Mrs G didn't tell First Central about the change in the use of their vehicle, I need to look at whether the change fundamentally changed the risk of what was being

covered by the policy. I'm satisfied that Mr and Mrs G changing their vehicle use to commuting, from previously not doing so, is a fundamental change in risk because it is changing how the vehicle is being used day in day out.

This means because Mr and Mrs G didn't tell First Central about the change in use of the vehicle, when it was clear they needed to, I find it reasonable for First Central to rely on the terms of the policy and not provide any cover for this incident - because the claim occurred when the vehicle was being used for a use not permitted by the policy and the policy clearly says no cover will be provided in such circumstances.

But because Mr and Mrs G's vehicle was insured under the policy and it was used for purposes not permitted under the policy, First Central needs to settle the TP's uninsured losses (where it's insured is held liable for the incident) under the relevant regulations and laws. First Central says it may seek to recover the TP's uninsured losses from Mrs G if she is held responsible for the accident. I find this is fair in the circumstances because she used the vehicle for reasons outside of the permitted use, meaning First Central has paid costs it wouldn't have had to pay otherwise as a result.

Taking everything into account, I'm satisfied that First Central's decision to decline Mr and Mrs G's claim to be fair and in line with the policy terms and conditions – the vehicle was being used for purposes not permitted under the policy, Mr and Mrs G didn't tell First Central about the change in use, and there was reasonable reason for them not telling it about the change – it was clear they needed to. That being the case, First Central is entitled to recover the TP's uninsured losses from Mrs G if she is held responsible for the incident.

For the reasons stated above I'm satisfied First Central has considered all the evidence provided about this claim when it said it was going to record Mrs G's claim as bonus disallowed. First Central has agreed to reconsider its liability decision and look at further evidence from the third party- I find that this is reasonable under the circumstances.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 26 November 2025.

Colleen Cousins
Ombudsman