

The complaint

Mr L, a sole trader, complains about the handling of his commercial motor insurance claim by Wakam.

What happened

Both parties are aware of the circumstances of this complaint, so the following is intentionally brief. Mr L is a taxi driver and held a commercial motor insurance policy underwritten by Wakam.

In November 2024, Mr L was involved in an accident. He reported the accident to Wakam, who arranged for a garage to order parts and repair the vehicle. On 20 November 2024, apparently being concerned with the length of time the process was taking, Mr L called Wakam (at around 3pm) to cancel the claim. The vehicle had actually been booked in for repair on that day. It does not appear the garage was told the claim had been cancelled.

Wakam then contacted Mr L to inform him that costs had already been incurred by the garage, and that Mr L would be liable for these. Mr L was unhappy with this and asked for evidence. Wakam provided an invoice – this was dated 26 November 2024, but Wakam said some parts had been pre-prepared prior to the cancellation. Mr L did not consider this showed any costs had been incurred, so ultimately brought a complaint about this to the Financial Ombudsman Service.

Our Investigator asked Wakam to provide evidence supporting when the parts had been pre-prepared. And he did not consider the evidence provided showed that it was more likely than not that this had happened prior to the cancellation. So, he did not consider Wakam could require Mr L to pay any costs and that he should not have a claim recorded against him. Our Investigator also recommended Wakam pay Mr L £100 compensation for the trouble and upset caused to him.

Wakam did not accept the outcome, so this complaint has been passed to me for a decision.

It should be noted that Mr L has also raised other concerns around the handling of his claim. But this current complaint focuses solely on the issue of whether Mr L should be held liable for these costs.

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, I am upholding this complaint. I've explained why below.

As our Investigator has said, where a claim is made and then cancelled after costs have been incurred by the insurer, it is reasonable that the policyholder covers these costs – provided they are reasonable costs, etc.

Wakam has been asked to show that it was more likely than not that the costs were incurred

prior to the claim being cancelled.

In support of this, Wakam has provided the invoice dated 26 November 2024. And Wakam has provided a contact log between it and Mr L. This also contains some notes of contacts with the garage.

The invoice does not confirm when the works in question were completed. So, it is of little benefit in determining whether this was prior to the cancellation. And the contact logs also do not provide any real indication of when the work was completed.

It would appear that the garage had only contacted Mr L on 20 November 2024 (or possibly the day before). It is likely that this appointment was only made once the parts had been received. But no information is given about when the work took place.

Mr L contacted Wakam around 3pm to cancel the claim. It does not appear that Wakam contacted the garage to inform them of this. The contact notes state that the garage remained open until 6pm waiting for Mr L. It would appear quite possible that the garage undertook this preparatory work in between 3pm and 6pm whilst waiting for Mr L. In those circumstances, it would not be reasonable for Wakam to hold Mr L liable for these costs – it ought to have informed the garage of the claim cancellation and prevented these costs being incurred.

It is of course also possible that the preparatory works took place prior to 3pm – even the day before. But Wakam has not provided any real evidence of this – despite this being requested on numerous occasions.

So, I do not consider Wakam has demonstrated that the costs it considers Mr L liable for were incurred prior to the cancellation of the claim. It follows that I do not consider it is fair and reasonable for Wakam to hold Mr L liable for these.

Given the claim was cancelled prior to Wakam incurring any – evidenced – costs, Wakam should not record Mr L as having made a claim and should reinstate any “no claims discount” he had – and should provide a letter explaining what it has done.

This process has also clearly caused Mr L distress and inconvenience that otherwise could have been avoided. Taking everything into account, I consider Wakam should pay Mr L £100 to compensate him for this.

My final decision

My final decision is that I uphold this complaint. Wakam should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr L to accept or reject my decision before 4 September 2025.

Sam Thomas
Ombudsman