

The complaint

Mr I complains that U K Insurance Limited (UKI) rejected his claim made on his motor insurance policy and cancelled his policy. He wants his claim paid.

What happened

Mr I said his parked car was hit by another driver and he provided photographs taken at the scene. He firstly made a claim for the damage to the other driver's insurer, but he then made a claim to UKI. UKI declined the claim as it said the damage wasn't consistent with the described incident circumstances or the location, or the damage caused to the other car. It also had concerns about Mr I's claims history. UKI alleged Mr I's claim was fraudulent, and it cancelled his policy.

Mr I said UKI hadn't considered its own engineer's report on the damage to his car. He said it hadn't obtained reports from witnesses at the time of the incident. And he thought it had unfairly placed a total loss marker on his car when it hadn't paid his claim.

Our Investigator didn't recommend that the complaint should be upheld. He looked at the engineers' reports on the damage to the cars and thought it was reasonable for UKI to decide that Mr I's car was beyond economical repair. He thought it was reasonable for UKI to reject the claim after it had considered the engineers' reports as there was no debris evident at the scene, there was a big difference between the damage on the two cars, and the engineers didn't conclude that the damage had been caused as stated. He thought an AI report provided by Mr I didn't provide reliable evidence for UKI to consider.

Mr I replied at length explaining why he thought this was unfair as it didn't take into account critical evidence including a witness statement. He thought UKI's allegations of fraud were based on circumstantial and irrelevant information. Mr I asked for an Ombudsman's review, so his complaint has come to me for a final decision.

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.

I can understand that Mr I feels frustrated that his claim was declined and his policy cancelled. He has explained that UKI's decision will have severe consequences for him. And I was sorry to hear about this. He has provided us with detailed testimony to counter UKI's decision, and I have read and considered this carefully.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

UKI first rejected the claim because it said it wasn't "...*satisfied that the accident has happened as alleged, if at all.*" And it said it was entitled by the policy's terms and conditions to cancel the policy if there had been a fraudulent claim. I can see that the fraud clause is set out on page 40 of Mr I's policy booklet:

"Fraud - You must be honest in your dealings with us at all times. We won't pay a claim that is in any way fraudulent, false or exaggerated. If you, any person insured under this policy,

or anyone acting on your behalf attempts to deceive us, or knowingly makes a fraudulent, false or exaggerated claim, we may: Cancel your policy. Reject your claim and any following claims. Keep any premium you have paid.”

I think this is a common clause in motor insurance policies and I don't think it needed to be highlighted in the policy booklet to bring it to Mr I's attention. And so I think it was fair and reasonable for UKI to rely upon it.

UKI later commented on the rejection of Mr I's claim:

“Our dispute isn't that the accident didn't occur, it's that we believe if the two cars have come in to contact, then it has been done deliberately in order to make a claim. That being said, we're not satisfied the damage is consistent with what the PH is alleging. In short, we don't believe the cars have come into contact with each other, nor have they come into contact in the manner the PH is alleging.”

Mr I thought this statement was contradictory. But I don't agree. I think the last sentence is confusing, but it means that UKI thinks Mr I's account isn't plausible about how the cars came into contact at the scene. And it has maintained the same view throughout that the accident and damage didn't happen as alleged.

To come to this decision, UKI relied on engineers' reports from its in-house engineers, inspections of the two cars and an independent assessor's report. We're not engineers. We don't assess how or whether an accident has occurred. Our role is to consider whether an insurer has reasonably considered the evidence available and justified its decision about a claim.

Mr I provided detailed thoughts about UKI's decision and its reasoning. But I don't consider it was unreasonable for UKI to dismiss this as not persuasive as it wasn't provided by an independent expert engineer.

The other driver's insurer said a tyre was reported to have popped and so the driver lost control of their car and collided with Mr I's parked car. But no engineer thought it likely that the damage had occurred as described. The independent assessor concluded:

“On the evidence provided the possibility that the vehicles collided as reported cannot be ruled out.”

So this engineer thought it was a possibility. But UKI didn't find this to be persuasive. UKI's in-house engineers considered this and said the damage to the two cars wasn't consistent with the circumstances. The evidence that UKI relied upon to decide this was:

- The incident happened in a narrow residential road, near a junction, which would have a speed limit of 30 mph at the most. The other insurer said their car was well maintained and had recently passed an MOT with no tyre issues or advisories.
- UKI's internal engineers reviewed the images from the scene and the location and said the road in which the incident allegedly occurred would not merit any speeds that would make the driver lose control of a vehicle if a tyre had burst. Approaching a junction at the road end, they would have expected there to be a reasonable speed of 10-20 mph, which would not have resulted in the loss of control from a blow out or puncture. There also appeared to be no debris from a tyre on the road from the images taken at the scene.
- UKI's engineers reviewed images of the damage to the other car. Its engineers said there was no damage to the nearside of this car that would support the level of damage sustained to Mr I's car. Also, the other car's tyre damage was not consistent with a tyre popping or a blowout.

Mr I was concerned that UKI didn't contact a witness for her statement. But I don't think this would have made a difference as this neighbour didn't actually see the collision. She saw the

scene afterwards, but this was also photographed. And so I don't think her account would have added information for UKI to consider.

UKI also raised a number of other concerns about Mr I's past history. But I haven't considered them here as I think they are either circumstantial or not immediately relevant to its decision.

So I think UKI reasonably considered the expert engineering evidence available and justified its decision that the collision and the level of damage hadn't occurred as described. I think it then reasonably rejected the claim and cancelled Mr I's policy in keeping with the policy's terms and conditions. So I can't say that it did anything wrong in this and I don't require it to pay Mr I's claim.

Mr I was unhappy that his car was deemed to be a total loss and that a salvage category marker was placed upon it. But I can see that this decision was based on the extent of the damage to the car compared to its current market value. And I think UKI is required to record an accurate history of the car following an engineer's assessment. So I can't say that it did anything wrong in this or that it needs to remove the marker.

Mr I raised other concerns about UKI's handling of his claim. But as his policy was cancelled, then Mr I would have no further entitlements under it. So I haven't considered these concerns further here.

My final decision

For the reasons 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 Mr I to accept or reject my decision before 15 September 2025.

Phillip Berechree
Ombudsman