

The complaint

Mrs J complained that following an accident U K Insurance Limited (“UKI”) handled her claim poorly which meant it didn’t refund her excess payment, under her motor insurance policy.

What happened

Mrs J was involved in a collision when driving. She said the other driver was at fault and agreed to fix her car. But this didn’t happen. Mrs J contacted UKI to make a claim. She said it then arranged for the repairs to be completed to her car.

Mrs J said UKI promised to provide regular updates regarding liability for her claim. But this didn’t happen. She said UKI told her the other driver wasn’t insured and that it would refund her policy excess. But it later told her a witness statement put her at fault for the collision. This meant her policy excess would not be refunded. Mrs J wasn’t satisfied with how the matter had been handled and complained to UKI.

UKI responded to Mrs J’s complaint on 9 June 2025. It said no record of insurance could be found for the other vehicle involved. It said this didn’t mean there was no insurance, only that there was no record on the industry database. UKI said it hadn’t received details for the other driver involved. But it had received a witness statement regarding the collision. UKI confirmed that this put Mrs J at fault.

UKI explained that because Mrs J was indicated to be at-fault for the collision it couldn’t recover its costs. This meant her policy excess would not be refunded, and her no-claims discount (“NCD”) would be affected. UKI did acknowledge that it gave incorrect information about the policy excess refund and that it hadn’t kept Mrs J updated as agreed. It paid her £250 compensation to put this right.

Mrs J didn’t think UKI had treated her fairly and referred the matter to our service. Our investigator didn’t uphold her complaint. He thought UKI had acted fairly when confirming it could not return Mrs J’s policy excess and that the claim would affect her NCD. He also thought it acted fairly by apologising and compensating Mrs J for the inaccurate information and the lack of updates.

Mrs J didn’t accept our investigator’s findings and asked for an ombudsman to consider her complaint.

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’m not upholding Mrs J’s complaint. I’m sorry to disappoint her but I’ll explain why I think my decision is fair.

It’s not the role of our service to determine who is at fault for an accident. That’s the role of the courts. Our role is to consider whether UKI treated Mrs J fairly in how it considered her

claim. I've focused on that here.

Mrs J said her car was hit by a tow truck. She said she was told the other driver wasn't insured and that this meant her policy excess would be refunded. UKI confirmed that it did inform Mrs J of this. But that this was an error.

If Mrs J was considered to blame for the collision, this would mean her policy excess was payable. So, it wasn't correct for UKI to tell her that she would receive a refund of her excess until liability had been established.

I can understand why Mrs J was upset when she was told UKI would not refund her policy excess. But her policy terms set out the circumstances in which this charge is payable. The terms say:

"How does your uninsured driver promise work?"

If you make a claim for an accident that is not your fault and the driver of the vehicle that hits your car is not insured, you will not lose your No Claims Discount or have to pay any excess."

And:

"..once we confirm that the accident was the fault of the uninsured driver, we will repay your excess".

The policy terms confirm Mrs J's excess will only be refunded if the uninsured driver is found to be at fault. UKI's claim records include a statement provided by an independent witness. The witness provided a detailed description of how the collision occurred and who they considered was to blame. The witness made clear that it was Mrs J who caused the collision.

From what I've read the witness statement is persuasive. No other valid witness statements were provided, and there was no dashcam or CCTV footage showing the incident. In her submissions to our service Mrs J said UKI didn't investigate whether a garage near to where the collision occurred had captured CCTV of the incident. But I can't see that it was told about this possibility. I wouldn't expect UKI to try and obtain CCTV footage without being told where this might be obtained. As it stands, I've seen no evidence to show that CCTV footage of the incident was recorded.

I don't think it was unreasonable for UKI to conclude that the other driver wasn't to blame for the collision. This means the uninsured driver promise doesn't apply regarding the policy excess refund. I also note that the existence of insurance hasn't been ruled out – only that there is no record of this on the insurance database UKI searched. Essentially this is a moot point though as UKI doesn't consider the other driver to be at-fault for the collision. So, the uninsured driver promise can't apply.

Mrs J's policy terms confirm that it's for UKI to decide how best to deal with any claim. It doesn't need Mrs J's permission to do this. This doesn't mean it can do anything it wants. It must still treat her fairly. But from what I've read, it did deal with the matter fairly. For Mrs J to receive a refund of her policy excess UKI would need to recover its losses. This was complicated by the lack of insurance information for the other driver. But regardless of this, UKI would need to show that the other driver was to blame for the collision. Based on the evidence available UKI didn't think it could reasonably show this to be the case. For the reasons already discussed I don't think it acted unreasonably when making this decision.

UKI didn't always keep Mrs J informed regarding the progress of her claim. In particular it didn't update her when the witness statement was received. This had a significant impact on the claim and should have resulted in contact being made. Additionally, the business gave misleading information about the return of Mrs J's policy excess. These issues have caused Mrs J some upset, frustration and inconvenience. I think it's fair that this is acknowledged with an apology and a compensation payment. But I'm satisfied that the apology and compensation UKI has already provided is sufficient.

In summary I don't think UKI treated Mrs J unfairly when dealing with her claim as it did and when retaining her policy excess. Its standard of communication and provision of updates wasn't to a good standard. But it's done enough to put this right. So, I can't reasonably ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 24 December 2025.

Mike Waldron
Ombudsman