

## **The complaint**

Mr M complains about Tesco Underwriting Limited's response to a third-party (TP) claim against his motor insurance policy.

## **What happened**

In November 2024 Mr M's car was involved in a collision with a third-party's vehicle. He didn't claim for any damage to his own vehicle. However, the TP claimed against Mr M's Tesco motor insurance policy for damage to their own vehicle. They considered Mr M to be at fault for the incident, providing estimated repair costs. In January 2025 Tesco accepted liability and settled the TP's repair costs – approximately £3,000.

Mr M wasn't happy with that outcome. He felt there hadn't been any damage to the TP vehicle, so Tesco shouldn't have settled. He said the incident should be recorded as 'notification only', rather than a fault claim against his policy.

In March 2025 Tesco issued a complaint final response. It said it was required to consider the TP's claim. It accepted liability based on the account Mr M had provided. Tesco was satisfied it had acted correctly by doing so.

Unsatisfied with Tesco's response, Mr M referred his complaint to the Financial Ombudsman Service. By this point Mr M had accepted some minor cosmetic damage may have occurred, and that he was at fault for the incident. However, he considers Tesco failed to properly investigate the claim. That, he felt, had led to an unreasonable settlement, that will affect his future insurance premiums. In his opinion the cost paid to the TP isn't consistent with the damage to their vehicle. He asked for a review of Tesco's handling of the claim, in particular its failure to investigate, verify and communicate. To resolve his complaint, he would like Tesco to cover any financial loss caused by its mishandling.

Our Investigator found Tesco's decision to settle the TP's claim to be reasonable. As Mr M didn't accept that outcome, the complaint was passed to me to decide. He said Tesco had failed to conduct a fair and reasonable investigation, resulting in an excessive and unverified payout to the TP.

## **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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr M and Tesco have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Mr M's policy terms provide Tesco with the right to carry out the defence or settlement of any claim. That means it might make a decision he disagrees with, but the policy allows it to do so. However, it should act reasonably when reaching its decision.

I've considered Tesco's explanation for its acceptance of the damage claim costs, alongside Mr M's points and concerns. Having done so, I'm satisfied Tesco's decision to settle was taken in line with the policy terms – and was fair and reasonable.

Tesco explained it received an engineer's report from the TP, providing details of damage to their vehicle. That engineer considered the damage to be consistent with the light impact involved in the incident. Tesco's own engineer found the claimed for repair costs to be fair and reasonable. Tesco also referred to an inspection of Mr M's car, in June 2025. This found it to have suffered light collision damage in the relevant area.

In Tesco's opinion a court, considering the available evidence from qualified motor engineers, would find in favour of the TP. I mean no disrespect to Mr M, who kindly provided his photo-based analysis of the vehicles, but I can't say Tesco's conclusion is unreasonable.

Mr M hasn't provided any expert opinion to support his position that the damage wasn't as significant as claimed, or that the costs claimed were excessive - just his lay opinion that the claimed for damage was improbable from the light contact involved. Expert opinion is generally more persuasive than lay testimony. Having considered both, I'm satisfied Tesco's assessment of the likely outcome of a court hearing is reasonable.

With all this in mind, I find Tesco's decision to settle the TP's damage claim, based on the available evidence, to be fair and reasonable. I don't find that it should have undertaken further investigations before doing so. That means I'm not going to require it to cover any future increase in Mr M's insurance premiums or to do anything similar.

I note Mr M's point that Tesco's June 2025 inspection of his vehicle, took place after it had settled the damage claim. He considers this an admission that it failed to investigate properly before settling the damage claim. I don't agree. That inspection was arranged in response to a later, June 2025, personal injury claim. That's a different consideration to the damage claim. It isn't one, as far as I've seen, that Tesco was aware of when it settled the damage claim five months earlier.

Finally, Mr M raised dissatisfaction with Tesco's correspondence with him. It's provided evidence of contact and correspondence. I'm satisfied it provided reasonable explanations and updates. As examples, it said early on that if it received a claim from the TP, it would be unlikely to require any further information from him. It also informed him of the settlement and the consequences for him.

### **My final decision**

For the reasons given above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 January 2026.

Daniel Martin  
**Ombudsman**