

The complaint

Mr A complains about U K Insurance Limited (UKI) splitting liability for an accident involving a collision with a third party – which he maintains wasn't his fault - when they wrongly told him the third-party insurer had accepted liability. He's also unhappy at the increased premiums since the claim, causing him significant financial pressure.

References to UKI in this decision include their agents.

This decision covers Mr A's complaint to this Service, initially made in June 2025. For completeness, reference is made to the full sequence of events from the time of the accident in April 2022, including his initial complaint to UKI in June 2022 about being told wrongly the third-party insurer had accepted liability (when they hadn't) and UKI's final response to that complaint issued in July 2022. UKI issued a second final response to Mr A in August 2025, in response to his complaint to them in July 2025

What happened

In April 2022 Mr A was involved in an accident, involving a collision with another vehicle on a roundabout. He contacted UKI to tell them about the accident, for which he held the other driver responsible as he said they changed lanes and hit him, providing evidence to support his case. UKI explained the options to Mr A for repairing his vehicle and if UKI couldn't prove the third party was liable for the accident, the claim would be settled as split liability. Mr A elected to nominate his own garage to carry out repairs but then changed his mind about which garage to use.

He contacted UKI again (May 2022) but was told the third-party insurer had accepted liability for the accident. However, this was incorrect, and the third-party insurer held Mr A liable for the accident (they said he changed lanes and collided with the third party). He only found out he had been wrongly informed when he contacted UKI again in June 2022.

Unhappy at being given incorrect information about liability for the accident, Mr A complained to UKI. In their final response, issued in July 2022 they acknowledged the sequence of events and that Mr A had been given incorrect information about liability being accepted by the third-party insurer. UKI also said it was likely they would settle the claim on a 50:50 split of liability if they couldn't prove the third party was responsible for the accident. They upheld the complaint and awarded £50 compensation.

Mr A discussed liability for the claim again in October 2022, with UKI saying they intended to settle the claim on the bases of a 50:50 split of liability. As a result, Mr A lost his No Claims Discount (NCD) which led to a significant increase in his subsequent premiums. However, UKI didn't settle the claim promptly, resulting in Mr A receiving a letter from solicitors in July 2024, threatening him with legal action. Mr A contacted UKI and was told they had settled the claim.

Mr A made a further complaint to UKI in July 2025, unhappy at the time taken to settle the claim and the continuing impact on his premiums.

In their final response, issued in August 2025, UKI acknowledged the claim had remained open for over two years, until Mr A received a legal letter from solicitors. UKI confirmed there was no outstanding third-party debt associated with the claim but said they couldn't reinstate Mr A's NCD, nor amend the liability status to non-fault or compensate Mr A for the increase in his premiums. But they did accept there had been delays and the claims process hadn't progressed as smoothly as it should have. So, they upheld the complaint.

UKI also noted the third-party insurer confirmed partial liability in October 2022 but then didn't contact UKI with details of their outlay until December 2023. UKI also accepted there were gaps in their progression of the claim and that it should have been managed more proactively. The claim remained open until September 2024. UKI also acknowledged Mr A received a legal letter from solicitors in August 2024, because UKI hadn't raised payment of the third-party insurer outlay. And this was the first time Mr A became aware the claim was still open and a payment to the third-party insurer was pending. UKI also accepted they didn't proactively contact Mr A to provide updates on progress with the claim. UKI also received multiple chasing contacts from the third-party insurer regarding the outlay.

In recognition of their shortcomings in how they had handled the claim, UKI awarded compensation of £300 to Mr A.

Mr A brought a complaint to this Service in June 2025. He maintained he had been wrongly told by UKI liability had been accepted by the third-party insurer when that wasn't the case. Because UKI deemed the accident to be split liability, he'd suffered significantly increased premiums in the years after the accident.

Our investigator didn't uphold the complaint, concluding UKI didn't need to take any action. He noted that as Mr A had brought his complaint to this Service more than six months after UKI's final response issued in July 2022, he couldn't consider those issues under the rules governing when this Service can consider complaints. But he could consider the issue of liability for the accident as UKI hadn't made a definitive decision at that time. The investigator noted UKI had the power to negotiate, settle and defend claims under the policy terms. As there was no independent evidence to support either party's version of the accident, UKI settled the claim on a 50:50 split of liability. In turn that meant Mr A's NCD reduced from one year to nil under the policy's NCD provisions.

But the investigator noted UKI's admission they should have handled the claim better and hadn't kept Mr A informed. And they failed to settle the third-party insurer's claim earlier, leading to Mr A receiving the concerning letter from solicitors. Considering the circumstances of the case, the investigator thought UKI's award of £300 compensation was fair and reasonable, so he wouldn't be asking UKI to increase the award.

Mr A disagreed with the investigator's revised view and requested that an Ombudsman review the complaint. He reiterated the point that UKI had wrongly told him in May 2022 the third-party insurer had accepted liability for the accident and that he subsequently received a solicitor's letter in 2024 demanding payment, indicating the claim was still unresolved some two years after the accident. He'd lost his NCD and faced increased premiums for the following years and was not faced with significant quotes for insurance as a taxi driver. He was also young and inexperienced at the time, leaving him vulnerable. He didn't feel £300 was sufficient compensation for what had happened and the impact on him. Also, UKI didn't explain to him the implications of the claim being settled on a 50:50 split of liability, in terms of losing his NCD and the subsequent significant increase in his premiums.

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.

My role here is to decide whether UKI have acted fairly towards Mr A.

There are several key issues in Mr A's complaint for me to consider. First, UKI's decision to split liability of the accident on a 50/50 basis, leading to the loss of his NCD and consequent significant increase in his premiums. Mr A says the accident wasn't his fault (and UKI wrongly told him the third-party insurer had accepted liability, when in fact they hadn't). Mr A says the claim should be treated as non-fault on his part and his NCD reinstated. He also wants compensation for the significant increase in his premiums that resulted from the claim being deemed a split liability and the loss of his NCD. UKI say the accident circumstances meant they had to accept a 50/50 split of liability, in turn meaning the loss of Mr A's NCD.

A second key issue is the overall handling of the claim, including the length of time it remained open and Mr A only becoming aware of the fact when he received a legal letter from solicitors in 2024. UKI accept they should have handled the claim more proactively and kept Mr A informed of progress.

On the first issue, the question of liability for the accident, I recognise Mr A feels strongly the accident wasn't his fault (the third party changed lanes on a roundabout and hit him) and that it should be recorded as non-fault against him. However, it isn't the role of this Service to determine liability for an accident, but to conclude whether an insurer has acted fairly and reasonably in reaching a decision on liability.

The terms of Mr A's policy with UKI, as they do in motor insurance policies generally, provide for UKI to assess claims and determine liability. The relevant wording is set out in the *How the policy works* section of the policy, under a sub-heading *When we can act on your behalf*, is as follows:

"We're entitled to do either of the following:

- *Take over and carry out the negotiation, defence or settlement of any claim in your name, or in the name of any other person covered by this policy.*
- *Start legal proceedings in your name, or in the name of any other persons connected to this policy. This can be for your benefit or our own benefit."*

Looking at the sequence of events, when Mr A first told UKI about the accident and the circumstances, they acknowledged what he had said and would need to investigate who was responsible. They also set out Mr A's NCD would be affected at policy renewal. But if they found the other driver to be to blame for the accident (and recovered all the claim costs from them) then they would reinstate Mr A's NCD at renewal.

UKI acknowledge they wrongly advised Mr A in May 2022 that the third-party insurer has accepted liability for the accident, when they hadn't. UKI's claim notes record that they told Mr A in June 2022 the third-party insurer were disputing liability, on the basis the third party said Mr A changed lanes into the path of the third-party vehicle. UKI subsequently offered to settle the claim on a 50/50 split of liability, advising Mr A of this in October 2022. The notes record Mr A accepting this outcome (although Mr A says he felt pressured into accepting it, although I haven't seen evidence to support that). UKI then confirm to Mr A that the third-party insurer accepted a 50/50 split of liability (also October 2022). The claim notes confirming this also record the third-party insurer outlay as £1,733.10 as 50% of their outlay).

Looking at the sequence of events, I don't think UKI acted unfairly or unreasonably in agreeing to settle the claim on a 50/50 split of liability. The policy gives them discretion to settle claims and liability and given the nature of the accident then it came down to

conflicting versions of what happened, essentially Mr A's word against that of the third party. UKI reviewed images of both vehicles involved in the accident provided by Mr A but both vehicles were at an angle, so it wasn't possible to definitively conclude which vehicle changed lanes and hit the other. In the absence of any clear, independent evidence to support one party's version of events over the other party's (such as CCTV, dashcam footage or independent witnesses) then a 50/50 split of liability was the most likely outcome.

So, I've concluded it wasn't unfair or unreasonable for UKI to have reached this conclusion.

Having done so, then as Mr A made a claim for which UKI accepted 50/50 liability, then it would, under the policy terms, affect his NCD (as it wasn't protected). Mr A had one year's NCD at the time of the accident and the policy provides for NCD of two years or less to reduce to nil where a claim is made. So, I've concluded UKI acted in line with the policy terms when reducing his NCD to nil.

Having concluded UKI acted fairly and reasonably when determining the claim to be settled on a 50/50 split of liability and reducing Mr A's NCD entitlement to nil, I can't hold them responsible for the subsequent increases in Mr A's premiums. Where a claim is made and where NCD entitlement reduces, this inevitably will mean an increase in subsequent premiums (with UKI or any other insurer). So, I can't ask UKI to compensate Mr A for the increases in his premiums.

Turning to the second issue, UKI's handling of the claim, I've noted what UKI accept are significant shortcomings in their handling of the claim, as set out above and in their second final response.

I've particularly noted they received payment from the third-party insurer for 50% of their outlay in November 2022. However, despite what appears to be indication of 50% of the third-party insurer's outlay (£1,733.10) in October 2022, the issue of UKI reimbursing the amount appears to not have been raised again until December 2023, when UKI requests evidence to support the figure. UKI received multiple chasing emails from the third-party insurer for reimbursement of their outlay between 2023 and through to August 2024 (the point at which Mr A received the legal letter for solicitors).

Having accepted liability on a 50/50 split back in October 2022, it's not clear – despite the third-party insurer only informing UKI of their outlay in December 2023 – why it then took multiple chasers until UKI settled the outlay. But it caused delay in finalising the claim and Mr A receiving the legal letter, which I can understand would have been distressing for him. Particularly given the fact it was only at that point he realised the claim had not been settled and was still open.

More generally, UKI accept they didn't keep Mr A updated about progress with the claim and what was happening. So, it was Mr A who had to chase UKI to find out what was happening. Which would have added to his anxiety and frustration.

I've thought carefully about what UKI should do to put things right, considering the circumstances of the case as well as the published guidelines from this Service on our approach to awards of compensation for distress and inconvenience. Having done so, I've concluded £300 is a fair and reasonable amount. As UKI have awarded (and paid) this amount, I won't be asking them to make a further award.

Taking all these points into account, I don't think UKI have acted unfairly or unreasonably in the circumstances of this case, so I won't be asking them to do anything further.

My final decision

For the reasons set out above, it's my final decision not to uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 November 2025.

Paul King
Ombudsman