

The complaint

Mrs S complains that West Bay Insurance Plc (West Bay) unfairly settled a claim against her motor insurance policy.

What happened

In March 2023, the named driver on Mrs S's motor insurance policy had an incident. The named driver notified West Bay of the incident shortly after it happened in case the third party made a claim. No claim was made on Mrs S's policy as there was no damage to her car. The third party then made a claim on Mrs S's policy which West Bay settled on a fault basis in February 2024.

In January 2025, Mrs S complained about West Bay recording the claim as a fault claim and the impact this had had on her insurance premiums. Initially, West Bay said it shouldn't have paid the third party's claim. But a few weeks later it said it'd settled the claim correctly and that it would remain on the Claims and Underwriting Exchange (CUE) as it had a duty to ensure it was showing accurately for future insurers to see. To apologise for mismanaging Mrs S's expectations, West Bay paid her a total of £250 compensation.

Unhappy, Mrs S brought her complaint to our Service for an impartial and independent review. One of our Investigators looked into this complaint and didn't uphold it. He thought West Bay had settled the third party's claim fairly. Mrs S disagreed. She said her car wasn't damaged and that she believes the damage the third party had claimed for was pre-existing. As the complaint couldn't be resolved, it has been passed to me for 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'm aware I've set out the background to this complaint in less detail than the parties have presented it. I'm not going to respond to every single point raised. Instead, I've focused on what I find are the key issues here. I assure both parties, however, that I've read and considered everything they've provided.

Liability

I firstly need to explain that it isn't our role to say who's at fault for causing an accident. This is the role of the courts. Our role is to consider whether West Bay's decision to accept liability was fair and reasonable in all the circumstances. For me to be persuaded that West Bay reached a decision which was fair and reasonable, I'd need to see it based its decision on consideration on things such as the version of events provided by both parties, legal precedent and any other available evidence.

The terms and conditions of Mrs S's policy make it clear that West Bay can take over the defence or settlement of any claim on her behalf. This is standard in the motor insurance industry and means West Bay didn't need the consent or agreement of Mrs S in order to

accept liability for the incident and settle the third party's claim. But we need to be satisfied West Bay acted fairly and made a reasonable assessment of the claim. So, I've carefully considered how West Bay handled the third party's claim.

Mrs S accepts the incident where her car brushed passed the third party's wing mirror whilst they were stationary at a petrol pump happened. And having listened to the call when the incident was reported by the named driver, I can see that West Bay's adviser explained in those circumstances he would be held at fault for the accident.

Following this, West Bay sent a letter to Mrs S on 3 April 2023 to confirm that as the named driver had accepted fault for the incident, it would deal with any third party claim it receives against the policy. West Bay then received the third party's allegations which confirmed the named driver's version of events. So, West Bay concluded it couldn't defend the claim in this case and I think it did so fairly.

I appreciate Mrs S thinks West Bay didn't do enough to investigate the damage the third party was claiming for. And she doesn't think the amount West Bay paid out on the claim was for damage related to the incident. But we're not engineers. So, we don't assess how or whether damage has occurred. Our role is to consider if the insurer has fairly considered the evidence available and justified its decision about repairs. We look at all the available evidence, including anything provided by the policyholder, the insurer, and the repairer. We normally give the greatest weight to independent expert motor engineer reports.

In this case, shortly after the incident, an independent engineer prepared an estimate for the costs of repair to the third party's car. West Bay's own engineer confirmed the repairs were consistent with the incident as described and the estimate to carry out the repairs was reasonable. So, two engineers confirmed the damage and work required to repair that damage was consistent with the described incident. I think it was fair and reasonable for West Bay to rely on the engineers' expertise.

I note that Mrs S hasn't provided any alternative expert evidence, other than her own comments, to dispute the engineers' conclusions. So, I think it was reasonable for West Bay to settle the claim for the cost of those repairs. It follows that I'm not going to direct West Bay to do anything different here.

From the information available to it, I think West Bay settled the third party's claim reasonably and in line with the policy's terms. So, it hasn't done anything wrong in recording the incident as it has. It therefore follows that any impact the claim may have on Mrs S's future insurance isn't something I can say West Bay is responsible for.

I recognise Miss S's disappointment about her premiums increasing. However, it's normal for premium costs to rise following a claim being made. There are many factors which influence the cost of an insurance policy, with the claims history of the policyholder being one of them.

Mismanagement of expectations

It's not disputed that West Bay could've handled Mrs S's query about the third party's claim better. West Bay accepts it shouldn't have said initially that it'd paid the claim in error and that this raised Mrs S's expectations unnecessarily. West Bay paid Mrs S a total £250 compensation for mismanaging her expectations.

Having considered what has happened, I think this amount is fair and in line with what we'd direct in the circumstances. This amount recognises that whilst West Bay could've done more to better manage Mrs S's expectations, the outcome of the claim itself remains unchanged. As Mrs S has already received the £250 compensation, I won't be directing

West Bay to do anymore here.

My final decision

For the reasons provided, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 8 January 2026.

Linda Tare
Ombudsman