

## **The complaint**

Mr S complained that First Central's actions after a claim on his motor insurance policy resulted in a county court judgement (CCJ) being taken against him.

## **What happened**

Mr S had an accident involving a third party in about January 2023. The third-party's insurer claimed that Mr S was to blame for the accident. First Central acknowledged that claim, asked the third-party insurer for more information and said that if they were to issue court proceedings, they should serve them on First Central's nominated solicitors at a given address.

First Central later agreed to settle the third party's claim and approved payment of that in about November 2023. But due to an internal mistake, they did not make the payment and so the third-party insurer's solicitors did not receive it. First Central didn't realise what had happened, and they closed the claim. First Central accepts that they made this mistake.

As the third-party insurer's solicitors didn't receive settlement, they issued court proceedings against Mr S in about April 2025. The court documents show that the court did serve the claim on First Central's solicitors, at the address that First Central say they gave the third-party insurer, but it was returned to the court marked "gone away."

The third-party insurer's solicitors were therefore able to take default judgement against Mr S and obtained a county court judgement (CCJ) against him in absence. This meant that neither Mr S nor First Central nor their solicitors knew about the proceedings. So they had no opportunity to defend it. Mr S said that the first he knew of the CCJ was after it was granted, when debt collectors contacted him about it.

Mr S said that having a CCJ against him was First Central's fault because they did not make the third-party settlement payment or check that they had done so. He said that he'd spent a great deal of time intervening to try to resolve the situation with the CCJ and that having it wrongly registered against him had damaged his credit file and reputation, and adversely affected his credit availability, and that still wasn't resolved. He said the situation had caused him extreme stress and anxiety at a particularly stressful time for him as he was awaiting surgery for a serious medical condition.

First Central accepted that they had made a mistake in not actually making the settlement payment but thought that what went wrong was not all their fault. They apologised for their part in the situation and offered Mr S £100 in compensation, but Mr S did not agree. First Central increased their compensation offer to £400 after Mr S brought the complaint to us. Mr S still didn't think that was enough to compensate him for the financial and emotional stress and inconvenience he'd experienced.

The investigator thought that First Central weren't directly responsible for the CCJ being taken against Mr S, and that they'd acknowledged what they'd done wrong. She thought that the amount of compensation First Central offered reflected the level of inconvenience resulting from their mistake. Mr S didn't agree and so I was asked to decide.

I issued my provisional decision on 16 October 2025. Both Mr S and First Central have confirmed that they accept it.

### **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.

In my provisional decision I said as follows:

“As the investigator has explained, this Service can only look at First Central's actions in the handling of the claim and can't decide about the actions of other parties involved in the situation, such as the third-party insurer or the third-party insurer's solicitor. We also can't comment on how court proceedings were conducted.

Various things went wrong to lead to the CCJ being taken against Mr S without his knowledge or the knowledge of First Central or their solicitors. And I can see that the different parties believe different things about why Mr S wasn't made aware of the court proceedings before the CCJ was taken. But what I'm looking at is what part First Central's actions or inaction played in this, and whether they've done enough to put things right.

First Central had advised the third-party insurer in about May 2023 of their nominated solicitor's address for service of court proceedings. This is normal practice in insurance claims and in dealings between insurers. It's designed to prevent court proceedings being served on insured individuals without their knowledge. The point is to ensure that First Central's solicitors would be notified of any court claim and so be able to defend it.

The court documents show that the third-party insurer's solicitors served the court claim on First Central's solicitors at that address First Central had given them. The court documents also show that the claim was returned to the court because First Central's solicitors were marked as having gone away from that address. This Service has looked at First Central's solicitor's website, which suggests that they had moved office from that address to a new address around the end of 2022. But when First Central gave the third-party insurer's solicitors First Central's solicitors address for service, they had given the old address. This meant that neither Mr S nor First Central or their solicitors heard about the case before the third-party insurer solicitors took judgement in absence against Mr S .

As some time had passed between First Central thinking they successfully made the settlement payment, and the third party insurer's solicitors serving the court proceedings, it's been suggested that the third party insurer solicitors should have warned First Central again before going to court and that, if they had, court proceedings could have been avoided, and so their failure to do so reduced First Central's responsibility for the CCJ being taken. But I don't think that's fair. First Central haven't shown us anything else to suggest that the third-party insurer solicitors knew that Mr S had approved the payment they then failed to make. And the third-party insurer's solicitors had told First Central on about March 2023 that if First Central didn't settle the claim they'd raise proceedings without further notice, so they'd given First Central the necessary warning.

First Central's failure to properly make the settlement payment was the error which set the events in motion. But because additionally First Central failed to give third-party insurer's solicitors the correct address for service of court proceedings, this meant that they were able to take judgement without Mr S or First Central or First Central's solicitors knowing about it. So Mr S had no opportunity to defend it. And so I think First Central played a greater part in the CCJ being taken against Mr S than they believe. and I don't think any other party's

involvement overrode that. And so First Central didn't do what they were meant to do to prevent a CCJ being taken against Mr S. This means that I uphold his complaint.

### *Impact on Mr S*

Once First Central were made aware of the CCJ against Mr S they did act promptly to help Mr S resolve its impact. They paid the claim within a matter of days, which was within the time period allowing them to have the judgment removed. They also wrote to the Registry Trust to achieve that and asked them to remove the relevant CCJ markers from Mr S's credit record. The Registry Trust have confirmed that's been done, and Mr S has shown us that the CCJ doesn't appear on his credit file now. First Central acknowledge the great deal of stress and inconvenience the CCJ caused Mr S but think that as they resolved it within a short time frame their £400 compensation offer reflected that.

But I think that First Central's fast action to resolve matters was only achieved with significant input from Mr S himself. He had to act urgently and unexpectedly to get First Central to pay and remove the CCJ in time. And this was despite miscommunication from First Central, who when Mr S contacted them to tell them about the CCJ, denied there was any issue as they believed they had settled the claim. They also misdirected him to their legal advice helpline for help. Mr S felt that he'd been forced to act as an intermediary between First Central and the third-party solicitors to resolve First Central's error, causing him distress at a time when he was medically vulnerable and had been advised to avoid stress pending a significant operation. I can see that he had to speak to various parties to try to find out why the CCJ had been issued and liaise with them frequently to try to resolve it, all very urgently due to the court time limits for setting aside. He described it as an ordeal which had caused him immense stress and uncertainty, anxiety, and anger.

He said the issue also affected him at the time in that he was put off applying for a remortgage due to his changed credit status, and that due to the CCJ his credit card provider had significantly reduced his credit limit. He's shown us evidence that the CCJ being added to his credit file in April 2025 caused a drop in his credit score and a change to his credit risk, and that his credit card provider reduced his available line of credit from £10,850 to £3,350. He said that having the CCJ reduced his access to other financial products and meant that he was unable to obtain any increased lending from his current lender.

He's told us that he's been unable to work due to ill health since about December 2024, and so the financial uncertainty and stress caused by the CCJ and its repercussions were even more acute. I can see that it would have been particularly difficult for him to have a credit source taken away at a time when it would have been harder to get alternative credit because of lack of income, but I haven't been shown any actual financial loss as result of this.

However it's clear that Mr S did experience and still does experience continuing distress and inconvenience as a result of the CCJ. I think his credit rating was impacted by the CCJ, and that it has taken time to resolve this. I expect First Central to give him a letter confirming that the CCJ was issued in error and not through his fault. He can then provide that to his financial institutions and credit agencies to help him with rebuilding his credit score.

I think that the situation must have been deeply distressing for Mr S, particularly given that he has been unwell. I don't think that the £400 First Central have offered to compensate for their part in what went wrong, does reflect that adequately. I don't think that First Central have acted fairly and reasonably to put Mr S back in the position he was in before their mistakes

I think that their mistake has caused Mr S substantial distress, upset and worry and

significant inconvenience and disruption that has taken extra effort to sort out in the short term and that it has also had ongoing effects and impact, during a time when Mr S has been significantly unwell. Taking the above issues together with this Service's published guidelines for awards, for distress and inconvenience, I consider that First Central should pay Mr S total compensation of £900 for this. This is less any amount of compensation that First Central have already paid him."

Both Mr S and First Central accepted my provisional decision. Accordingly I make my final decision in the same terms.

### **My final decision**

For the reasons set out above, my final decision is that I uphold this complaint.

I require First Central Insurance Management Limited to:

- Give Mr S a letter confirming that the CCJ was taken against him in error and through no fault on his part, which he can share with credit agencies and other financial institutions.
- Pay Mr S a total of £900 compensation for distress and inconvenience, less any amount of compensation they've already paid him.

First Central must pay the compensation within 28 days of the date on which we tell them Mr S accepts my final decision. If they pay later than this, they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 November 2025.



Rosslyn Scott  
**Ombudsman**