

## **The complaint**

Mr G has complained about the amount Watford Insurance Company Europe Limited has paid in settlement of a claim from a third party against him under his motor insurance policy.

Any reference to Watford includes its agents.

## **What happened**

Mr G reported to Watford that he may have made contact with a third party vehicle while he was parking in a car park. He didn't think he'd damaged the vehicle, but the third party made a claim for damage to the bumper on his vehicle. Watford arranged for one of its repairers to repair this damage. Watford also made a payment to the third party for loss of income for the period his vehicle was off the road being repaired. This was because he is a taxi driver.

Mr G was unhappy with the amount Watford had paid in settlement of the third party's claim, as he didn't think he'd damaged his vehicle. He also didn't think it was necessary for Watford to make a payment for loss of income. Mr G complained to Watford, but it rejected his complaint as it was satisfied it had handled the claim from the third party appropriately.

Mr G asked us to consider his complaint. One of our investigators did this. After initially being concerned about what Watford had paid out for loss of income, she finally decided that Watford had handled the third party claim appropriately.

Mr G wasn't happy with the investigator's view and asked for an ombudsman's decision. He still didn't think his vehicle could have caused the damage the third party had claimed for. And he didn't think the payment for loss of income was necessary or appropriate.

## **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.

Under the terms of Mr G's policy with Watford, it's allowed to take over and settle claims against him as it considers appropriate. But I'd expect Watford to properly investigate any claim from a third party and only pay for damage that it is satisfied was caused by Mr G's vehicle. And I'd only expect it to make a payment for loss of income to the third party if it flowed directly from this damage.

I do of course appreciate Mr G is adamant he did not damage the third party's vehicle. And that he has also suggested the damage the third party has claimed for was to a different vehicle to the one he had at the time of the incident he reported. However, I'm satisfied that Watford did properly investigate this aspect. Therefore, I think its decision to arrange and pay for this vehicle to be repaired was a reasonable one. And I've not seen any compelling evidence that the vehicle that was repaired was different to the one Mr G said he may have made contact with when he reported the incident.

I'm also satisfied that Watford's approach in compensating the third party for loss of income

was reasonable in the circumstances. It was clear he was a taxi driver and he could not use his vehicle as a taxi while it was in for repair. So, as it didn't provide him with a replacement vehicle he could use as a taxi, it offered him compensation for loss of income at what I consider to be a reasonable rate. The third party accepted this offer and his loss of income claim was settled by the payment Watford made.

Mr G has suggested that the third party may still have been working while his car was in for repair, which he thinks would mean his loss of income claim was unjustified and possibly fraudulent. But I'm satisfied that, based on the evidence it had at the time, Watford's decision to pay the third party for loss of income was reasonable. If, however, Mr G has further evidence that the third party was working and he provides this to Watford, I'd expect it to consider this and take appropriate action if it does prove the third party claimed for loss of income over a period he was working as normal.

I have noted Mr G's concern about the amount paid out on the third party's claim impacting his premium. But – as I've already said – I think what Watford paid on the claim was reasonable. But – even if it wasn't – I doubt very much the higher amount would have an impact on Mr G's premium. What will have impacted his premium is the fact he has a fault claim (actually described on the central database for claims as a 'bonus disallowed' claim), against him. The amount of the fault claim is in itself largely irrelevant, when the claim is for what might be best described as a fairly small amount.

In summary, I'm satisfied that Watford carried out an appropriate investigation, adopted a reasonable approach and paid a reasonable amount to the third party in response to his claim against Mr G, in accordance with its rights under Mr G's policy. This means it would not be appropriate for me to uphold Mr G's complaint.

### **My final decision**

For the reasons set out above, I've decided not to uphold Mr G's complaint about Watford Insurance Company Europe Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 January 2026.

Robert Short  
**Ombudsman**