

The complaint

Mr T's car was insured by Intact Insurance UK Limited. He says that when he called to report some damage to it he wasn't told he was making a claim on the policy or that it would be recorded against him as a fault claim.

What happened

Mr T found that his car had been damaged when it was parked at work. There was no CCTV footage or other evidence of what had happened. When he called to report the incident an advisor told Mr T he'd have to pay an excess on the claim. Mr T says he thought that was just a contribution towards the repairs, as he wasn't told a claim would be recorded in his name or that it was classed as a fault claim. He says he'd have paid for the repair of the damage himself had he known. Mr T only found out about the fault claim when the lease ended and he had to apply for other insurance. He thinks he wasn't dealt with fairly, per the rules set out by the Financial Conduct Authority ('FCA') and Consumer Duty principles.

One of our Investigators reviewed Mr T's claim. She thought Intact had acted reasonably. She said the advisor told him about the excess and referred him to the policy handbook. It says all incidents must be reported without delay and that Intact has discretion to decide how to handle a claim. She noted that Mr T had been sent documents about the motor insurance scheme he was on plus details of the policy cover for his car. The Investigator thought the decision to classify the claim as fault was reasonable, as Intact couldn't reclaim its outlay on repairing his car from another party. She said although referring to the fault claim in the call would have been good practice, it didn't affect the outcome. And in her opinion, taking into account FCA rules and Consumer Duty principles made no difference to that.

In response, Mr T said he thought he just was reporting the incident, not making a claim, and that other leases allow consumers to arrange repairs privately. He said Intact had accepted that he wasn't told about the fault claim at the time, so he had no way to challenge it until months later. He said it wasn't fair for him to be penalised when he couldn't be blamed for the incident, and that ongoing financial and other harm had been caused to him due to Intact not meeting FCA and Consumer Duty obligations. As there was no agreement, the complaint was passed to me for review.

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.

When Mr T called to report the incident he said he wanted to '*make a new claim*'. He could only have meant that he wanted to claim on the insurance policy that covered the car, as arranged through 'firm T' (a broker) on behalf of his employer. Using the cover under that policy was the only way to get the repairs to the car done and paid for, and it was subject to an excess for the first part of the damage, in the usual way. Some consumers *don't* report incidents to their insurer and arrange for repairs themselves. But that isn't how insurance policies are supposed to operate. In my opinion, it wouldn't have been in line with the

agreements Mr T had entered into with the lease firm that owned the car, and the insurer, had he acted in that way. And it wasn't an option once he'd reported the incident.

I've listened to Mr T's initial call to report the incident and make a claim. The advisor who dealt with him said she'd have to check with firm T before someone contacted him about the repairs, presumably to check that his cover was valid. She also said she had to inform consumers that they were required to pay an excess on a claim, which Mr T said was ok. As she was noting the details of the damage to Mr T's car, which he wanted to be repaired, and as he had agreed to pay the excess required under the policy, I can't see how the advisor could have known that he didn't realise he was making a claim and needed to be told. And I can't see how she could have known he didn't realise the claim would be recorded. So in my opinion, it's not surprising that the advisor didn't refer to either of those points.

Had she done so - and had Mr T then objected to a claim being recorded - in my opinion it would have made no difference. There had been an incident and Mr T was *required* to report it as he did, in line with the policy's terms and conditions. All incidents and claims are recorded by insurers. And it had to be recorded as a claim in order for the damage to be dealt with, which was what Mr T wanted. In terms of the claim being recorded as fault, Mr T says he knows that *technically* it may have had to be recorded that way. But he thinks given the circumstances, and as he wasn't at fault, it should be reclassified. Alternatively, he thinks Intact should provide a letter for other insurers, to prove that he wasn't to blame.

Consumers in general are unhappy to have fault claims recorded against them simply because the insurer can't recoup its losses from another party. It seems unfair to most people when there's no suggestion that they were to blame for what happened. So most consumers would prefer to have those claims reclassified, or to have a letter stating they weren't at fault. But unfortunately the recording of fault claims is standard practice across the insurance industry - and changing standard industry practice doesn't fall within our remit. I don't think Intact acted unreasonably in recording the claim as a fault claim, as it paid to have the car repaired and had to stand the financial loss, as there was no way to recover it.

The advisor asked Mr T whether there was anything to show who might have caused the damage, and he confirmed that there wasn't. As she then knew that a fault claim would be recorded against Mr T, I think it would have been good practice for her to inform him. As she didn't, I've considered the impact of that on Mr T and whether the outcome would have been any different had she done so. I think the initial impact on Mr T was that he only found out about the fault claim when he sought other insurance and realised his premium was likely to be affected by it, so it came as a shock. But he would have been shocked had he been told during the call, so the impact is only the delay in that. Mr T says he was also impacted by not having the chance to challenge the fault claim in the initial call. But challenging it would have been pointless, as Intact was correct to record it as a fault claim, so that wasn't a detriment.

The financial detriment Mr T has mentioned is the extra premium that resulted from having a fault claim on his record. Insurers charge more for policies if a consumer has a fault claim recorded against them - even if there's firm evidence that the consumer wasn't to blame for an accident or incident. That's because insurers in general believe that a consumer who has a fault claim on their record is more likely to make a further claim (fault or otherwise) than a consumer who doesn't. Mr T will no doubt think that's unfair too - and many consumers would agree with him. But it's standard industry practice and falls outside our limited remit.

I've considered whether FCA rules about fairness and Consumer Duty requirements make a difference to the outcome in this case. The FCA rules Mr T has referred to don't apply alongside the Consumer Duty principles, as the latter take precedence. The main Consumer Duty principle is that businesses should deliver good outcomes for consumers, by acting in good faith, and avoiding foreseeable harm. They need to ensure customer understanding by

providing necessary information clearly, and at the right time, so consumers can make informed decisions (and thereby not lose out due to a business's poor communication).

I don't think not informing Mr T his claim on the policy would be recorded as a fault claim amounted to a failure to meet Consumer Duty obligations, and that Mr T lost out as a result. As Intact's outlay wasn't recoverable, a fault claim was inevitable, and in my opinion, telling Mr T that at the time would have made no difference to the outcome.

Mr T feels very strongly about the situation he has faced, and he says it has caused him great upset and inconvenience, as well as financial loss. I fully understand why Mr T doesn't think he should be adversely affected by a situation for which he was blameless. But as I don't think he has shown that he has been treated unfairly or unreasonably, or that he faced avoidable detriment due to Intact's actions, I can't uphold his complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 23 March 2026.

Susan Ewins
Ombudsman