

The complaint

Miss M complains about the way U K Insurance Limited trading as Darwin (“UKI”) decided liability and settled a third party’s claim for damages following a collision on her car insurance policy.

What happened

Miss M had a car insurance policy with UKI.

In December 2024, Miss M was at a traffic light behind another car. The third-party car set off, and collided with a traffic light pole. Miss M hit the rear of the third-party car, causing damage to her own car and the third party.

She contacted UKI and told it she wouldn’t be making a claim. UKI said it would deal with the third party and would keep her updated.

UKI carried out repairs to the third party. It repaired the damage at the rear that had been caused by Miss M, and the more substantial damage to the front that had been caused by the third party driving into the traffic light pole. The cost to UKI was about £18,500.

Miss M found that her No Claims Discount (‘NCD’) had been reduced, and the claim against her policy was recorded as the full £18,500. She found that, at renewal, her premium increased substantially. She complained to UKI. It said it would pay her £300 compensation for the error it made, but it said the amount of the claim wouldn’t have affected her renewal premium as its rating engine doesn’t use this as a factor in its calculation. Miss M didn’t accept the compensation.

Miss M remained unhappy and brought her complaint to this service. She doesn’t think it’s fair that the full amount UKI paid out is recorded against her. She doesn’t think the third party would have claimed for the minor damage to the rear of their car as she thought it would have been written-off, so she asks that her NCD is returned to seven years. She also asks for more compensation than £300.

Our investigator looked into her complaint and thought it would be upheld. She thought the amount of compensation offered by UKI was in line with this service’s guidelines, and it had accepted it had made mistakes. She accepted that UKI wouldn’t have charged Miss M a different premium, but she thought UKI should amend the records of the claim so that Miss M wouldn’t be penalised if she insured with another company in the future.

UKI accepted the view, but Miss M didn’t. She disputes the value of the rear impact damage (set by UKI at £1,378.88). She continues to ask that her NCD is reinstated and the value of the claim nulled.

Because Miss M didn’t agree, her complaint has been passed to me to make a 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.

Having reviewed the file of evidence, it's clear to me that UKI recorded the correct circumstances of the collisions that caused the damage to the third party's car. But from that point on, it didn't process the details correctly meaning that it then paid for the complete repair to the other car.

From the information on file, Miss M was behind the third party, they pulled away from a traffic light, the third party collided with a traffic light post and stopped. Miss M braked but drove into the back of the third party.

The claim was held by UKI to be Miss M's 'fault'. This has a meaning in insurance, where it's referring to whether the costs of the claim have been recovered from someone. And in this situation, where the third party collided with a stationary object, they would normally be expected to pay for their own loss (which likely means they would claim from their own policy). In turn, because Miss M then hit the third-party car, which was stationary, she's now responsible for the costs arising from that collision (my emphasis). In other words, she's at 'fault' for the minor collision to the rear only.

In the file, there's an internal note where UKI said: *"Given that Miss M is at fault for going into the back of third party vehicle [the NCD] would always be impacted regardless... Miss M was at fault and should have left a safe distance between vehicles."*

I can see in later correspondence with this service that she has mentioned that she doesn't think she was at fault 'on the road', but I think it's unlikely that a court would agree with her because, as I mention, she collided with a stationary object. Even if the third party was adjudged to be at some fault for the minor damage, I think it likely that Miss M would be partly held at some fault, which means the claim is recorded correctly. This service isn't an expert on liability, but UKI's assessment is included above and I think its decision is fair.

UKI's policy wording says that it can negotiate on this point on Miss M's behalf:

"3 Claims procedure – Our rights and your obligations

b We are entitled to:

- 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;*
- take proceedings in your name, or in the name of any other person covered by, and in connection with, this policy for your, or our own benefit."*

This wording is common in the marketplace and I think its use is fair. As I've said above I think UKI decision to say Miss M was at fault is reasonable, and so I can't fairly ask it to reinstate her NCD.

That said, I also don't think UKI's approach to hold the entirety of the third-party repair costs against her is fair. She didn't reasonably cause the initial collision with the traffic light pole, so I think it should be removed from the record of claim.

I can see UKI says the rear damage claim would be set at £1,378.88 and I understand Miss M thinks this is unfair. She hasn't brought this part of her complaint to UKI, so I'm not able to make a decision on it here. But I feel I can comment that, given the third party's age of vehicle (about one year old), repairs are likely to be of the correct size when VAT, repainting, some parts replacement and possible repairs to the underlying damage structure. I'd also

comment I've been provided photos of the third-party car from the repairer and I can see that the damage perhaps isn't as minor as Miss M has described.

If Miss M still feels that she wishes to make a further complaint about this claim amount then she's free to make another approach to UKI and this service in due course.

So, I think that UKI's recording that the claim was 'fault' for Miss M was fair, but the amount of the claim needs to be adjusted to £1,378.88 on its internal and any external databases it's updated.

Miss M may now find then when she uses this revised figure, her new insurers adjust their premiums.

I've mentioned above that UKI doesn't use the claim value as a rating factor, so Miss M may also find that her premium is unchanged.

Miss M has also said the premium increase at renewal was a shock. As I've said above, she collided with another vehicle, was reasonably judged at fault for it, and as a result lost her NCD. I've thought about this, and the outcome of the claim would likely be that her premium would change. I can understand Miss M's strength of feelings on this point, but I don't think UKI has acted unfairly as it's applied the claims details to its premium rating structure and offered Miss M renewal at the appropriate price.

I also appreciate Miss M has said that she doesn't think the third party would have claimed for the damage to the rear of their car as it was so minor. I think this is speculation as no-one apart from the third party could know. If the third party had claimed on their own policy for the damage then I think it more likely than not they would have had all damage repaired (front and rear), and their insurer would likely have claimed the cost of the rear repair back from Miss M as she reasonably caused it.

I can see from Miss M's evidence that she feels stressed by UKI's actions. UKI's initial claim handler made an error in how they handled the claim, and that relatively simple mistake had a substantial impact on Miss M. I appreciate she's asked for increased compensation than the £300 she's been offered, but having reviewed the case notes and looked at this service's guidelines I'm not persuaded to increase it.

So, I'm upholding Miss M's complaint as I think UKI now needs to update the internal and external databases to reflect the revised repair cost, and pay her the £300 compensation it offered previously, but Miss M rejected.

My final decision

It's my final decision that I uphold this complaint. I direct U K Insurance Limited trading as Darwin to amend records of Miss M's claim to show it paid £1,378.88 on any internal and external databases it's updated.

UKI has already made an offer to pay £300 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that U K Insurance Limited trading as Darwin should pay £300 to Miss M.

UKI must pay the compensation within 28 days of the date on which we tell it Miss M accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 12 December 2025.

Richard Sowden
Ombudsman