

## **The complaint**

Mr C complains about how First Central Insurance Management Limited (“First Central”) handled a claim and decided liability for a collision under his car insurance policy. He says its handling of his claim has led to a County Court Judgement (‘CCJ’) for him which has affected his ability to get credit and carry out a business plan.

## **What happened**

Mr C had a car insurance policy with First Central.

He was involved in a collision with a third-party vehicle in November 2023. The third party’s insurance company notified First Central about the collision, and First Central contacted him to ascertain his version of events.

The two parties disagreed about what had happened. First Central thought a 50/50 split liability was the likely outcome in the absence of further evidence.

The TPI took action against Mr C as it hadn’t received payment from First Central. First Central didn’t respond to the action, which resulted in Mr C having a CCJ recorded against him.

He complained about First Central’s decision on liability as he said the collision wasn’t his fault. He said the CCJ damaged his credit history and affected his ability to purchase properties which was part of a business plan he has. He said First Central didn’t help him taken action for whiplash against the third party.

First Central agreed it had been at fault as it hadn’t handled his claim well enough. It said it would pay him £750 compensation for his distress and inconvenience. It refunded his policy excess of £450 and allowed him to keep his No Claims Discount (‘NCD’)

Mr C wasn’t happy with First Central’s response and he brought his complaint to this service. He asks for £10,000 compensation.

Our investigator looked into his complaint and thought it would be upheld. He thought First Central had made several significant mistakes in how it had handled Mr C’s claim, but it had resolved the issue with the CCJ. He thought it should increase the amount of compensation to £1,125.

First Central agreed with the view, but Mr C didn’t. Because he didn’t agree, his 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.

I need to start by saying that this is a complex complaint with several important points being raised by Mr C. Although I can appreciate he says he’s spent many hours on the phone with

First Central about his claim and subsequent complaint, I can't see that he's raised some parts of it with First Central, or that it's provided him with its final response.

He's said that First Central didn't help him make a claim for injuries he said took place during the collision. It's likely that this part of his claim would need to be made against the third party. From the file, I can't see that he raised this issue with it, so I'm not able to consider this part of his complaint further here.

Having read the file of evidence, I'm upholding his complaint because I agree First Central's service hasn't been good enough, but it's important I say that I'm not going to increase the level of compensation to the amount Mr C has asked for.

For ease, I'll deal with different parts of his complaint separately.

### ***Liability for the collision***

This service isn't an expert on liability and it's not our role to make decisions about which party involved in a collision may be at fault. But what we can do is look at the way First Central investigated the collision and look at whether its actions were fair and in line with the policy wording.

Under the wording, First Central has the ability under the wording to handle claims as it wishes, even if Mr C disagrees:

*"Your insurer is entitled to:*

- *defend or settle any claim on your behalf;*
- *take legal action over any claim in your name or the name of any person insured on the policy for their own benefit;*
- *admit negligence for any accident or claim on your behalf"*

But its actions must be reasonable, and our approach is that an insurer must consider all the available evidence before it makes a decision on how to settle a claim.

From the file, I can see that the damage to Mr C's car was to the nearside door area. He explained what happened in the collision to First Central, and it took the position that Mr C wasn't at fault for it. What that would usually mean is that it would take action against the third-party insurer ('TPI') to recover its costs, but from the information on file, the TPI had already started this process against First Central, which meant it had to defend the claim (i.e., make a counter-claim).

I'll also mention that, according to First Central's claims file, Mr C hadn't told it about the collision when it happened, and it was First Central who found out about it from the TPI and then called him to ask him about what had happened.

Mr C maintains he wasn't at fault for the collision, which means he thought the third party was fully at fault. The TPI maintained that Mr C was fully at fault.

In the absence of further evidence from either party, I can First Central told Mr C it would be adopting an "at best" 50/50 approach within a few months of the collision happening. But it then failed to take action on this, and responsibility for the collision was ultimately recorded as being Mr C's. It was recorded by First Central as his 'fault'.

This has a particular meaning in insurance, as it relates to whether First Central is able to fully recover its costs. In Mr C's claim, First Central wouldn't have been able to do this given

the 50/50 split on liability it thought it would take with the TPI. So, it's likely that it would be recorded correctly as 'fault' against him. First Central's failure to act on this point led to Mr C's CCJ, which I'll deal with below.

But, I think First Central acted fairly in determining liability for the collision and recording it appropriately. The reason I say this is because the policy wording allows it, and because its claims handlers assessed the best outcome it could reach as being 50/50. What this means is Mr C wouldn't have been able to escape fault for the collision, in First Central's opinion, so some element of 'fault' would remain on his records.

In recognition of its error in failing to deal with the TPI, First Central also refunded Mr C's excess and said he could keep his NCD. I think this is fair.

I can see Mr C has complained to this service that he's been "*forced off the road because [his] insurance has increased in cost*". I can't see that he's raised this with First Central, or that it's provided its final response to him on this point, which means I'm not able to decide on this here. But I will comment that I think First Central acted fairly in how it decided liability, refunded his excess and allowed his NCD. Insurers will use his claims history as part of its determination of the premium he needs to pay, and what this means is the collision would likely have impacted Mr C's premium. And that's whether or not it was deemed fault or non-fault by First Central. I hope that assists Mr C in understanding the likely situation and that he's been put in a fair position by First Central's acknowledgement of his NCD and refund of his excess.

### ***The CCJ***

But First Central's decision on liability meant that it needed to deal with the TPI, and it didn't do this. It appointed solicitors to act on its behalf, which is the usual process. I'll not go into the precise details of what happened, but the TPI's legal team served notice for the costs with First Central's solicitors. This was overlooked and a judgement was made against Mr C (who was the defendant) and a CCJ recorded against him.

This is clearly a significant error and it took a few months for First Central, with its solicitors, to work out what had taken place.

Ultimately First Central paid the outstanding amount in early December 2024 and asked that the CCJ was removed from Mr C's records. From the information on file this was done on 11 December 2024, and the credit reference agencies would have updated their records within a week.

It's very clear that the responsibility for this error is First Central's, as the solicitor was working on its behalf.

In his complaint Mr C has said his credit rating was damaged by the CCJ being recorded against him. He's talked about the impact of that CCJ on his ability to borrow, and that it impacted his plan to buy further properties.

What I can see is that Mr C has talked about his ability to borrow money. He's said that he didn't apply for mortgages as he knew the CCJ would affect his ability to borrow. In his approach to this service in early 2025 he's talked about buying a property "this year" and asks that the CCJ is struck out.

I can see that our investigator told Mr C that First Central had told this service that the CCJ had been removed from his records, and I can see that Mr C asked us to provide further information on this. If Mr C thought that the CCJ was still attached to his records then I think

it's fair I say that, in the first instance, he should have checked his own credit references to establish if the CCJ was present and then what impact it was having. Mr C doesn't appear to have done this, and I don't think it's fair to say that First Central were at fault for his misunderstanding of the situation after December 2024.

It's important I say this is an evidence-based service, and without further evidence on extra costs he's incurred or rates he's been charged I'm not able to uphold this part of his complaint.

I've also thought about Mr C's business plan that he says has been affected by the CCJ against him. Again, I can't see evidence on file that shows he tried to execute this plan or that the CCJ caused him issues that prevented it, or led to higher borrowing rates for him. So, I'm not able to uphold this part of his complaint.

But I can see the impact of having a CCJ recorded against him has had a substantial impact on Mr C. I can see it caused him distress and inconvenience. I can see that First Central worked to remove the CCJ from his records, and as I mention above I'm not able to see evidence on file that shows me Mr C lost out financially because of the CCJ.

I've thought about the impact on him, and considered this service's guidelines on compensation, and I think the appropriate amount should be set at £1,125.

### **My final decision**

It's my final decision that I uphold this complaint. I direct First Central Insurance Management Limited to pay Mr C an additional £375 compensation for his distress and inconvenience, making the total £1,125. If amounts have already been paid towards this then they can be deducted.

First Central must pay the compensation within 28 days of the date on which we tell it Mr C 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 Mr C to accept or reject my decision before 31 December 2025.

Richard Sowden  
**Ombudsman**