

The complaint

Mr L has complained that his motor insurer, AXA Insurance UK Plc (AXA'), settled a third-party claim that was made on his policy without his instructions or knowledge.

What happened

In May 2024 Mr L was involved in a low-speed impact after reversing out of a parking spot. He notified his motor insurer, AXA, of the incident but he said he wasn't intending on making a claim on his policy as his car only sustained minor damage.

Mr L said that AXA wrote to him to let him know it logged the claim as "notification only" and would be closing its file. He said the next time he heard from AXA was five months later, in December 2024, when it told him that it had settled a claim which had been made on his policy by the third party.

Mr L wasn't happy about this and complained. He said that AXA did not get his version of events and believed the third party over him. He added that he didn't believe he was at fault for the accident and said he was stationary when the third party collided with him.

AXA reviewed the complaint but considered that its decision to deal with the third-party claim was correct. It said its communication though, could have been better and paid Mr L £150 compensation for the distress and inconvenience it caused him.

Unhappy with AXA's response, Mr L brought his complaint to our service. He said that he had been accident-free for 30 years and that the incident impacted his no claims discount (NCD) and will impact future premiums. He also said he suffered from stress and anxiety and wanted compensation for the loss of his NCD and also asked for it to be reinstated.

One of our investigators reviewed the complaint. Our investigator thought that AXA's decision to settle the third-party claim was fair and reasonable as Mr L was the reversing party and had to take care before executing the manoeuvre. Our investigator added that there was no independent evidence to confirm Mr L was stationary at the time. Our investigator also thought AXA's communication wasn't up to the standard we would expect but considered its £150 compensation offer to be fair and reasonable.

Mr L didn't agree and asked for an ombudsman's decision. He insisted that AXA failed to properly investigate the incident and only took the other party's version of events. The matter was then passed to me to decide.

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 the policy AXA may take over, defend or settle a claim on behalf of its insured or take up any claim in its insured's name. This is a very common term in motor insurance and one we consider to be fair as long as insurers are acting fairly and reasonably when applying it. For example, if an insurer takes over and settles a claim it wouldn't, on balance, be able to defend in order to minimise costs, we wouldn't consider that to be unfair or unreasonable.

Liability decision

Mr L said he was reversing but was stationary when the other party collided with the rear of his car. The third-party damage was to the front of their car. AXA reviewed the circumstances of the accident and said it believed Mr L would most likely be found to be at fault as he is the reversing party and the onus is on him to check before reversing. Mr L disputes he was reversing at the time. He says he was stationary when the third party drove to the back of his car but AXA said there is no independent evidence to support that.

As our investigator explained, this service does not determine which party was at fault for the accident. Its role is to assess whether AXA acted fairly and reasonably in settling the third-party claim. In these specific circumstances, I consider that it did. AXA said—and I have seen no independent evidence to the contrary—that Mr L's assertion he was stationary cannot be verified. The only evidence available consists of the accounts provided by Mr L and the third party, together with the damage to both vehicles. The third party stated that Mr L reversed into their car. The damage supports this: Mr L's vehicle was damaged at the rear, and the third party's at the front. This indicates that Mr L was reversing. As AXA noted, the responsibility rests with Mr L to take care when carrying out this manoeuvre. In the absence of evidence showing that the third party drove into him while he was stationary, I consider it fair and reasonable that AXA concluded Mr L would be held at fault for the accident.

Mr L said his version of events was not obtained and that AXA believed the third party over him. I acknowledge that Mr L had not completed an accident report form before AXA settled the third-party claim. However, AXA was aware that he was reversing out of a bay at the time and also had evidence of the front damage sustained by the third party. On balance, I consider AXA had sufficient information to determine liability, though I accept it would have been preferable for AXA to obtain further details from Mr L before making its decision. When AXA later spoke to Mr L in December 2024 and he provided his version of events, it maintained its decision to settle the third-party claim. Therefore, I do not consider Mr L to be in a worse position than he would otherwise have been. Ideally, AXA should have settled the third-party claim on a "without prejudice" basis, given that Mr L did not accept fault for the accident. However, in the specific circumstances—where AXA reasonably concluded that Mr L would most likely be held at fault, a view I consider fair and reasonable—I do not think this approach placed him in a worse position.

Mr L is unhappy about the impact on his NCD and wants it reinstated. As our investigator said, even if the matter had been settled on a split liability basis—given it was one person's word against the other—the impact on Mr L's policy would have been the same. His NCD would still have been affected, and the incident recorded as a 'fault' claim. And this is

because AXA would not have been able to recover its outlay in full. It follows that I have decided not to ask AXA to reinstate Mr L's NCD for this and for the reasons I gave above.

Communication

Even though I think AXA's decision to settle the third party claim was fair and reasonable, I do think its communication could have been better.

AXA has provided evidence to show that it wrote to and texted Mr L on 10 July 2024 regarding a third party claim it had received. From what I can see Mr L tried calling AXA back on the same day and emailed to say that he would be away until 15 July 2024 and to contact him on his return. AXA did so again on 16 July 2024 but on the same day it also sent him another letter which said the incident was being recorded for notification purposes only. I can't see that it made further attempts to speak to Mr L before settling the third party claim. AXA later wrote to Mr L on 5 December 2024 to let him know the claim was being closed because all necessary payments had been paid. It also informed him his NCD had been affected by the incident.

I can see why Mr L was unhappy with AXA's communication and why he felt the December 2024 letter came "out of the blue." Although AXA made him aware of the third-party claim in July 2024 and said it wished to discuss this with him, it did not follow up. It also wrote to him around the same time to say the claim was logged as "notification only," which I think would have caused confusion and distress. However, Mr L only became aware that the claim had been settled in December 2024, so the period of distress was relatively short. Taking this into account, I consider the £150 AXA has already offered to be fair and reasonable and in line with awards we would make for similar circumstances.

I appreciate Mr L may be disappointed with my decision. I know he feels strongly that AXA handled the matter particularly poorly. But for the reasons I gave above, I think its decision to settle the third party claim was fair and reasonable and I think the compensation it paid Mr L is sufficient to compensate him for the distress and inconvenience he was caused.

My final decision

For the reasons above I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 16 January 2026.

Anastasia Serdari
Ombudsman