

The complaint

Mr B has complained about Liverpool Victoria Insurance Company Limited (LV)'s decision to settle a claim as a fault claim under his car insurance policy.

What happened

LV received a claim from a pedestrian who said while Mr B was reversing his car, he struck her and caused injury.

LV decided to settle the claim as a fault claim under Mr B's car insurance policy and met the pedestrian's (third party) claim for personal injury.

Mr B doesn't agree with LV's decision to hold him at fault for the incident. He accepts partial liability, but not full. He complained about LV's decision and the impact the recording of the claim had on his renewal premium.

One of our Investigators didn't recommend the complaint should be upheld. He explained that we do not decide liability, but we look at whether an insurer properly investigated and reached its decision reasonably. He found LV had done this. The Investigator explained that whether LV held Mr B 1% or 100% liable for the incident, the outcome for Mr B would be the same in line with industry practice in recording claims.

Mr B doesn't agree and wants an ombudsman to decide on the case. In summary he says;

- He understands and accepts the term under LV's policy which allows it to take over the defence and settlement of a claim.
- He told LV the pedestrian admitted she hadn't looked both ways before stepping out onto the road after she saw Mr B's car turn left. He believes therefore the pedestrian is partly negligent as she wrongly assumed Mr B's car had continued to proceed forward.
- Mr B believes LV and we have dismissed this as evidence of an admission of liability in part by the pedestrian.
- An action carried out in accordance with industry practice doesn't mean it is either lawful or fair. LV hasn't treated him fairly.

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.

Mr B's policy with LV has a term I've found in most if not all motor insurance policies. This term allows LV to make a decision as to how to settle a claim, even if Mr B disagrees with it. We don't disagree with this term in principle provided an insurer has treated a customer fairly when applying it.

As the Investigator explained, our role is not to decide liability, but to decide if an insurer has reached its decision in a reasonable way and in line with the policy.

Mr B says he had turned left and then put his car into reverse to reverse into a car park space. When making her claim, the pedestrian told LV she saw Mr B's car go past her and turn left. She stepped out onto the road and as she did so, Mr B's car struck her while reversing.

Mr B says the pedestrian told her she didn't look both ways. While he accepts he is partly liable for the incident – Mr B is concerned that the admission he says the pedestrian made at the scene has been dismissed by LV.

An insurer is expected to take into account all of the available information from both parties when deciding liability. It is for the insurer to decide what weight to give to each piece of information it receives.

On reviewing both parties' version of events, LV explained to Mr B that as the driver carrying a reversing manoeuvre, he had a greater duty of care. LV explained that if the matter were to proceed to a claim before a Judge, it wouldn't be able to defend it.

We look at whether an insurer has treated a customer fairly – and as it would any other customer in the same circumstances. In this case, I find LV's decision to record the claim as a fault claim to be fair. The testimony of admission of fault by the pedestrian is reported by Mr B. There were no independent witnesses to the incident. LV has no record of the pedestrian admitting liability.

In line with industry practice, unless an insurer can recover all of its claim costs from a third party (and so proving the third party is 100% at fault) a claim is recorded as a fault claim. This means that – even if LV decided to settle the claim as a partial fault claim, the outcome would be the same for Mr B in how the claim was recorded. The impact on Mr B's premium at renewal would be the same. I find LV has treated Mr B fairly and as it would any other customer in the same circumstances.

An insurer can decide to settle a claim on the best terms possible rather than proceed to court action with the risk of significant costs involved. I understand Mr B doesn't agree with LV's decision. But I find it was reached reasonably and in line with the policy. So I'm not asking it to change anything.

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 B to accept or reject my decision before 24 February 2026.

Geraldine Newbold
Ombudsman