

The complaint

Miss S has complained that Advantage Insurance Company Limited unfairly settled a motor insurance claim against her policy without telling her what it was doing.

Miss S's policy is branded in the name of the insurance intermediary that administers it. But Advantage is the policy underwriter, which means it is responsible for claims decisions and responding to complaints about those. So I will only refer to it within this decision.

Miss S's mum has helped her to make this complaint. But for simplicity I will refer to Miss S's mum's comments as being Miss S's.

What happened

In August 2023 Miss S was driving her car when, according to her, it "gently" rolled into the back of a van in front. The van driver claimed against Miss S's policy for the damage caused to his van. Advantage paid the third party's representative around £12,000 to settle the claim for the total loss of his van.

In 2025 Miss S complained to Advantage that it had settled a claim that she knew nothing about. Advantage replied to Miss S in June 2025. It told her it had contacted her about the claim in December 2023 and she had completed an accident report form.

Miss S wasn't satisfied with Advantage's reply and brought her complaint to the Financial Ombudsman Service. One of our Investigators looked into it. She didn't think Advantage needed to take any further action. Miss S didn't agree with our Investigator's assessment of the complaint so it's been passed to me to determine.

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.

While complaining Miss S has also referred to how Advantage dealt with a claim from 2022 along with an insurance intermediary's decision to cancel her policy. However, those are not matters Advantage addressed when it responded to her complaint in June 2025. So, in line with our usual process I will not make any comment on those issues within this decision.

Also in bringing this complaint and in response to our Investigator's assessment of it, Miss S has made a number of detailed points. I've considered everything she's said. But, I trust she will not take it as a discourtesy that I don't intend to address each individual point raised. Instead, in setting out what I think is a fair and reasonable outcome for this complaint I've focused on the reasons that are central to my decision making. So, if there's something I haven't mentioned, it isn't because I've ignored it. I haven't. It's because I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Did Advantage tell Miss S about the claim?

Miss S alleged that Advantage didn't make her aware of the claim. But she's mistaken. In fact it contacted her on the same day, 28 December 2023, that the third party's representative had notified Advantage of the claim. Advantage rang Miss S that day. She

asked it if it was about the recent claim and Advantage said it was. She said she was abroad and asked Advantage to email her.

Advantage then emailed Miss S an accident report form and asked her to complete it giving her version of events of how the accident happened. Advantage then contacted her several times in January 2024 asking her to complete the form. It eventually sent her a second form which she returned to Advantage on 16 February 2024. In that form Miss S said that she'd been in traffic when she:

"... slowed to a stop behind the vehicle in front of me. As traffic was slowly advancing, I did too and it was stop and start repeatedly. During this process, my car rolled very slowly without me realising, causing me to gently roll into the back of the van."

I'll add that Miss S has shared with us a text exchange she had with the third party shortly after the crash. In that exchange she told the third party how sorry she was about the accident and thanked him for his understanding. The third party told her that he would be claiming through the insurance. So I think Miss S would likely have known, before Advantage contacted her, that it would probably be dealing with such a claim.

Further Advantage sent Miss S a letter on 19 February 2024 telling her it had settled the third party claim and paid for the damage. It also told her that this would be recorded as a fault claim.

It follows that I don't agree Miss S was unaware of the claim. Neither do I agree that Advantage hadn't contacted her about it.

Did Advantage appropriately investigate who was liable for the claim?

Miss S said that Advantage accepted liability without proper investigation.

I'll explain first that it isn't the role of the Financial Ombudsman Service to decide liability or how much a claim should be settled for. Ultimately that's a matter for the courts. Rather than deciding on those issues, my role is to decide if insurers have acted in a fair and reasonable way.

Advantage, like most motor insurers, has a clause in its policy that allows it to settle claims as it sees fit. This gives it the right to decide whether or not to accept a claim and if so how much to settle that claim for. I'm aware Miss S is unhappy with that approach as, she seems to think it should have defended her. But, that clause – or a very similar one – is in every motor insurance policy I'm aware of. And it allows insurers to use their expertise to settle claims in the manner they believe will be the most efficient and pragmatic. That means they do not have to take instructions from their policyholders nor do they require their policyholder's consent to settle a claim. And when Miss S took out her policy – which is a contract between her and Advantage – she agreed to those terms. I don't find the clause unfair.

That said we need to be satisfied that insurers act fairly in deciding whether to settle matters and make a reasonable assessment of the claim – based on a clear understanding of the evidence and circumstances. With this in mind, I have carefully considered how Advantage handled the third party's claim.

Miss S's own account is that her car hit the one in front. In those circumstances, she would always have been found responsible for the incident. That's because it's generally accepted that the driver in the car behind needs to leave enough room to be able to stop if the car in front stops suddenly. So, where a driver doesn't stop in time and runs into the car in front, they are generally held at fault for the accident. After receiving her accident report form, that's what Advantage concluded in this case and I think it did so fairly.

Miss S has referred to other points which, she thinks, show that Advantage didn't investigate the matter fairly. For example she said there's no evidence that it considered contributory negligence. But it didn't do that because it didn't need to. Miss S's own account is that she

was at fault for the accident. I assume that's why she apologised to the third party in her text messages. She hasn't provided any evidence or in fact made an allegation, that the third party was in any way negligent. So I don't think Advantage had to invest time and resources into investigating something there was no evidence for.

I'll add that, as Advantage made payment to settle the claim before Miss S had submitted her accident report form, she believes Advantage decided the claim without considering her evidence. But I think Miss S is mistaken. It's not in doubt that Advantage paid sums to settle the claim before it received Miss S's version of events. However, my understanding is that it did so on what's known as a 'without prejudice' basis. That means it paid the claim without admitting liability.

That's not an unusual tactic for an insurer like Advantage. That's because where a vehicle is no longer capable of being safely driven after an accident, as was the case here, the third party will hire a replacement vehicle until their own is repaired or replaced. The third party will then usually claim for the costs of the hired vehicle from the other insurer. And those hire car costs can become extremely expensive against what might otherwise be a fairly inexpensive claim.

So some insurers will offer to pay for a vehicle's repair or replacement on a without prejudice basis before the liability question is decided. They do that in order to stop the hire charges from continuing to build up, in case the insurer becomes liable for those once the claim is settled. That then reduces the costs of any final claim. However, if the claim is eventually found in the policyholder's favour, the insurers' can recover their outlay from the other side.

In this case Advantage paid the claim while waiting for Miss S's version of events. Once it had received that, in February 2024, it decided that Miss S was at fault for the claim. So it didn't try to recover its outlay at that point. Given how things transpired, I don't think there was any detriment to Miss S in Advantage taking the steps it did.

Did Advantage properly investigate the damage to the third party's van?

Miss S also thinks that Advantage didn't do enough to investigate the amount the third party's representatives claimed for the damage to the van. She noted that Advantage didn't ask her for photographs of the damage. She seems to think that if it had done so it would not have agreed to settle the claim as it did.

Advantage told Miss S that an independent engineer had concluded the third party's car was a total loss. Advantage settled the third party's claim for that loss. Miss S didn't think that was fair. She said that Advantage didn't ask for her input or images. And she says she has an image of the rear of the van which, in her opinion, shows only a scratch. So she doesn't understand how the van could be deemed a total loss. She seems to think the claim must have been exaggerated. But I find that unlikely.

In this case the third party used a credit hire company to bring his complaint, rather than his own insurer. There's nothing unusual about that where, as here, the third party wasn't at fault for the accident. That's because credit hire companies will typically not insist that their client pays an excess. They will also usually provide a hire vehicle, of a similar size or model to the car being repaired while repairs are ongoing Whereas insurers may only provide a small courtesy car. So there are advantages to non-fault claimants using credit hire companies services.

In claims of this nature it's often the case that the third party's representatives guarantee or arrange and pay for the repairs or the total loss themselves. And before they do so, it's usual for an engineer to be instructed to provide an estimate for those repairs. That's what happened in this case. That is the credit hire company instructed an independent engineer. That is an engineer who didn't have a vested interest in how the claim was settled, to examine the van. He thought the van was uneconomical to repair and prepared a report saying so. He supported that report with images of the van. I understand that Advantage

then asked its own in house engineers to consider the report to see if the independent engineer's findings were reasonable. In that way insurers seek to reduce or minimise the prospects of fraudulent or exaggerated claims.

And if, for example, Advantage could prove that repairs were unnecessary or not caused by the incident claimed for then the third party's representatives would not recover its outlay for the repairs. So it's not in their interests to pay claims that are without merit, not valid or otherwise exaggerated.

Further, if Advantage did have concerns about the extent of the damage to the third party's van then the usual process would be to instruct an independent engineer to assess it. But in this case that had already happened. That is the credit hire company had instructed an independent engineer to assess the damage. His report is what's known as 'court compliant'. That means he's given his honest opinion based on his professional expertise. And as I've already said, he has nothing to gain by exaggerating the level of damage or the extent of the repairs required. So I don't think Advantage had any just cause to call his report and damage estimate into question.

I also think it's worth pointing out that modern vehicles are designed to absorb much of the force of impacts to minimise injuries to pedestrians who might be hit by them. So on the outside, the bodywork may appear not to be damaged or to only have suffered minimal damage but further investigation upon removal of the panels etc can often reveal damage which is not immediately apparent to the naked eye. So it's entirely plausible for a vehicle to suffer substantial damage and so require significant repair even where this isn't immediately apparent following an incident.

I'll add that even if Advantage had found anomalies with the costs of repairs, for example it found that those included repairs for damage inconsistent with the incident giving rise to the claim, then I don't think Miss S would be in a different position now. That's because Miss S herself identified that the other car had suffered damage, even if she described it as just a scratch. But even minimal damage will require a repair. And the third party could legitimately claim the costs for that repair from Advantage because it held Miss S's policy. And if Advantage had settled any claim, even for a lower sum, that would still result in a fault claim being recorded against Miss S's policy.

I'll explain it's the fault claim itself, rather than the amount of the payout, that will generally affect a consumer's premiums going forward. That is, most insurers I'm aware of will consider a consumer with a recent fault claim as being a higher risk than consumers without such a claim in their driving history. And insurers increase their premiums to recognise that increase in risk.

However, as far as I'm aware most insurers do not assess a consumer's risk as higher than someone else's because their claim cost more to settle. So, for example if one consumer has a fault claim which costs £10,000 to settle, insurers will usually perceive their increase in risk as being the same as some else who had a fault claim for £20,000. So Miss S is not in a worse position because Advantage settled the claim on a total loss basis.

In any event, having seen the independent engineer's report, the images which came with it, and the image Miss S has supplied, I'm satisfied Advantage settled the third party's claim reasonably.

Did Advantage provide Miss S with enough information?

Miss S seems to think that Advantage was under some sort of obligation to keep her informed of its decisions regarding the third party's claim and to seek her input on them. But I'm not aware of any such obligation. Advantage is required to settle claims fairly and promptly. It's also required to provide clear information while acting in Miss S's best interests, and it must give her reasonable explanations for decisions. But I think it did that in this case.

As I've also said above, Advantage is entitled to settle claims as it sees fit. It's not required to seek Miss S's opinions or input while doing so. And while it is required to communicate the claim outcome to her, I'm satisfied it did so in February 2024. At that time it told her it had settled the claim while holding her at fault. It was not required to provide any more details than that. So I think it did enough to let her know what was happening.

I'll add that Miss S also thinks that there has been a lack of transparency as Advantage didn't share some of the engineering evidence with her. But, the engineering evidence in this case all refers to the third party and his van. So that evidence is protected by data protection rules¹. And Advantage said it wasn't in a position to share this with her. But I have had the benefit of seeing the independent engineer's report and having done so, I don't think Advantage did anything wrong in settling the claim as it did.

Miss S's future premiums

I'm aware that the claim has had a significant impact on Miss S's insurance premiums since the incident occurred. So it seems that her preference would have been for Advantage to continue to defend the matter. But, as I've said above, Advantage is not required to follow Miss S's preferences. And acting in her best interests does not mean continuing to defend a claim it has no prospect of winning if the matter were to go to court.

Instead Advantage needs to use its own judgement to decide whether or not it has reasonable prospects of being successful in any court action. And in this case it's apparent it didn't think that was likely.

As I've already said, it seems it was almost certain that Miss S was going to be found at fault for the incident which she accepts happened. And the expert evidence from the engineers is that the damage to the third party's van was substantial enough that meant it was a total loss. So it seems Advantage had little prospect of a successful outcome if it had continued to defend the claim.

In summary having considered the matter very carefully, I'm satisfied that Advantage fairly and reasonably decided liability and made an appropriate and proportionate decision to settle the claim in the circumstances.

My final decision

For the reasons set out above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 February 2026.

Joe Scott
Ombudsman

¹ Our Investigator said that this information wasn't shared because it was "commercially sensitive". But, she used the wrong terminology. The information in this case was not commercially sensitive but might be protected by General Data Protection Regulation law.