

The complaint

Miss D is complaining First Central Underwriting Limited are pursuing her for costs involved in a claim she made on her motor insurance policy.

What happened

Miss D's vehicle was involved in an accident in August 2022. A lorry drove into the back of her vehicle while it was parked on the side of a motorway. Her ex-partner, a named driver on her policy, was the driver of the vehicle at the time.

First Central accepted the claim and paid Miss D what they considered a fair market value for the vehicle. But in July 2025, they sent Miss D a letter, which said they were made aware by the third-party insurer that a fraudulent claim of injury had been submitted as evidence showing the vehicle was unoccupied at the time of the accident. It said they were rejecting the claim in full and Miss D needed to repay £63,625.50. This included what they paid Miss D for the vehicle and collection, storage, and recovery charges less what they received from selling the salvage of the vehicle.

Miss D has denied she acted fraudulently and complained to First Central. In her complaint, she said her personal injury claim wasn't false because she was in the vehicle and was injured. She said she had nothing to do with the named driver's injury claim. And that although she's now aware the named driver made a false whiplash claim against the third-party driver who collided with the vehicle, they were no longer in a relationship, and she didn't know he was making a false claim at the time.

First Central maintained they were entitled to recover costs from Miss D. And Miss D referred her complaint to this Service. She gave a background of events; emphasised she hadn't made a fraudulent claim and wasn't aware of the named driver's actions; and explained why she thought it was unfair for First Central to rely on the policy condition and legislation they had to recover costs from her.

An Investigator looked into what happened and upheld the complaint. She thought it was unfair for First Central to attempt to recover costs from Miss D because they paid her the value of her vehicle in a legitimate claim for damage to Miss D's vehicle – and this is separate from the named driver's fraudulent personal injury claim. She thought First Central should stop pursuing Miss D for these costs and pay £200 in compensation.

First Central disagreed with the Investigator's findings. They said they recognise that different heads of claim can, in some circumstances, be treated separately. But that, in this case, the accidental damage and personal injury claims relied on the same false account of who occupied the vehicle at the time of the impact. And that the personal injury claim was found to be fraudulent and fundamentally dishonest.

The complaint couldn't be resolved, so it came to me to decide. I wrote a provisional decision not upholding the complaint. Its findings form part of this final decision, so I've copied them in below. I also invited any further comments or evidence before I issued a final

decision. I said the following:

“As ours is an informal service, I’m not going to respond to every point or piece of evidence Miss D and First Central sent us. Instead, I’ve focused on what I consider to be key or central to the complaint. But I’d like to reassure both that I have carefully considered everything submitted.

I need to make clear it’s not for this Service to decide whether a consumer has committed fraud. My role is to assess whether an insurer has acted fairly and reasonably taken into consideration all the evidence available.

The condition First Central has relied on in the policy says they won’t pay a claim that is in any way fraudulent, false, or exaggerated or if Miss D or anyone acting for her makes a claim in a fraudulent or false way. It says First Central may also recover any costs they have had to pay, including claims costs and won’t return any premium Miss D already paid.

Based on this condition, if First Central had enough evidence to conclude that Miss D had made a claim in a fraudulent or false way, I wouldn’t think it was unreasonable for them to attempt to recover the claim costs from her – since First Central would have been entitled to refuse to pay the claim had they known about it in the first place.

The policy allows First Central to defend any claim on Miss D’s behalf – and take legal action over any claim in her name or in the name of the named driver. First Central thought the lorry driver as the third-party was responsible for the accident, so were pursuing the third party’s insurer for their outlay. They engaged in proceedings at the same time the named driver brought his personal injury claim for uninsured losses against the third-party.

It was revealed, through video evidence, that the named driver wasn’t in the vehicle. And the named driver has subsequently signed a Tomlin order confirming he wasn’t. The lorry driver’s testimony said there were no passengers in the vehicle. It also said there were no other witnesses or vehicles present, but after several minutes a white car approached, and a woman came out of it and walked towards the named driver.

First Central have provided a statement by Miss D that confirmed she was in the vehicle with the named driver at the time of the incident, and that she was sat in the passenger seat and he was sat in the driver’s seat. And they believe the evidence shows Miss D knew the named driver was making a fraudulent claim and/or she wasn’t truthful herself.

Miss D has said:

- *When their vehicle broke down, the named driver was in-and-out of the vehicle on his phone arranging roadside assistance.*
- *Around ten minutes after the vehicle stopped, she felt the lorry hit the vehicle and was thrown forwards.*
- *She was hysterical and the named driver shouted at her to get out of the vehicle.*
- *She recalls exiting almost immediately after the impact, through the driver side door. She didn’t see the lorry driver at any time.*
- *She wanted to get away from the named driver and was overwhelmed with emotions like fear, stress and anxiety.*
- *When she exited the vehicle, she walked away to find somewhere to sit alone but doesn’t remember where she went.*
- *And shortly after the accident, she was found and collected by the named driver’s father and taken home.*

I should note it's not my role to determine whether Miss D was in the vehicle at the time of the incident. But rather to consider whether First Central acted fairly and reasonably when they decided to recover from Miss D the amount they paid on the claim.

I don't think it's unreasonable for First Central to think it's unlikely Miss D wouldn't remember whether the named driver was sitting next to her, no matter how upset she was at the time. Nor is it unreasonable of them to query Miss D's explanation of why she wasn't at the scene of the accident shortly after. Whether she was in the vehicle but knowingly said the named driver was sitting beside her when he wasn't, or confirmed she was in the vehicle when she wasn't, I would think it was reasonable for First Central to consider these statements false or fraudulent. And I find either of these scenarios more plausible than Miss D being in the vehicle during the accident but not remembering the named driver wasn't, then immediately leaving the scene and not seeing the third-party driver or speaking to the named driver about what happened yet both submitting similar personal injury claims.

I note Miss D's comments about the fairness of the court proceedings. But it doesn't detract from the fact I think it was fair for First Central to say Miss D knowingly assisted the named driver in pursuing a fraudulent claim. Given this, I don't think it was unreasonable for First Central to cancel the policy back to the date of the claim and, in turn, look to recover the amount they paid on the claim from her.

There may be some of First Central's points in isolation that are likely incorrect. One example of this is where they've implied Miss D appeared at the scene later whereas the person who did come soon after was more-than-likely someone else the named driver knew. But that doesn't mean their concerns in other areas or on the whole aren't valid – and I'm satisfied that when First Central made their decision to pursue the costs on the condition above, they had enough information to do so.

Given all this, I don't think I can reasonably say First Central's concerns surrounding this claim were unfair. So, I'm not going to interfere with their decision to recover their costs from Miss D."

Responses to my provisional decision

First Central didn't respond to my provisional decision.

Miss D disagreed. She gave a detailed response why and sent two further pieces of evidence to consider. Her response included the following:

- First Central first sought to pursue Miss D under Section 57 of the Criminal Justice and Courts Act 2015. When Miss D explained her position on this, First Central didn't challenge it, but instead relied on a new cause of action: tort of deceit.
- Statements made by First Central were plainly and obviously wrong.
- It shouldn't matter whether she was in the vehicle or whether she deliberately misled the solicitors – the damage to her vehicle was genuine and the motor insurance claim should have been covered.
- It wasn't inevitable the subrogated claim would be dismissed, and it may have been possible for First Central to persuade the court to let the subrogated part of the claim continue – but they chose not to.
- Miss D can't be blamed for a decision she knew nothing about.
- First Central hasn't queried Miss D's account. And it's unfair of them to rely on a third-party account without giving her a chance to explain her side.
- It's not appropriate for me to form an opinion about which scenarios are plausible – and she invites me to remove sentences that do so from the final 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'd like to point out again it's not for me to decide whether there was fraud – as that's for a court to decide. It's my role to determine whether I think it was fair and reasonable for First Central to take the actions they have based on the evidence available.

I appreciate Miss D thinks it's unfair of First Central to have said they're relying on Section 57 of the Criminal Justice and Courts Act 2015, only to say they're seeking to rely on tort of deceit when she pushed back. But I don't think I need to comment on which law is relevant or whether either of them would be successful if brought up in court. This is because I'm satisfied the policy terms allow First Central to take the actions they have.

Miss D may think the personal injury claim isn't relevant to whether the motor claim should be covered. But the named driver's personal injury claim and the liability claim were brought at the same time, which isn't unusual, and were intrinsically linked. If Miss D's personal injury claim was brought at the same time, which the third-party was insisting before the named driver signed the Tomlin order, I think it, too, would likely have been dropped – as it was by her own solicitors later. The alleged fraudulent acts inevitably affected the motor insurance claim as First Central would have considered whether the whole legal claim would likely be dismissed outright. And they couldn't defend the liability claim without, what they considered, a reliable witness.

Miss D submitted evidence which she believes shows it was plausible she was both in the vehicle and had ample time to leave the scene of the accident before the lorry driver arrived. But I haven't determined she wasn't in the vehicle. I've simply determined it wasn't unreasonable for First Central to think Miss D knowingly assisted the named driver in pursuing a fraudulent claim. And this new evidence doesn't persuade me otherwise as I still think it's reasonable for First Central to consider it more plausible she knew the named driver wasn't in the car at the time of the accident.

Miss D thinks First Central should have given her a chance to defend herself before taking action against her. But in this case, I don't think it would have made a difference. Miss D has since given detailed explanations to First Central and this Service. And, ultimately, I still don't think it's unfair for First Central to recover costs they've had to pay in line with the policy. So, I'm not going to interfere with their decision to do so.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 19 March 2026.

Andrew Wakatsuki-Robinson
Ombudsman