DRN-6163053

The complaint

Mr P complains about how Eridge Underwriting Agency Ltd handled a claim made on his motor insurance policy. He wants it to remove the fault from his record and compensate him for his increased premiums and upset.

What happened

Mr P was involved in an incident with another driver. He contacted Eridge to report the incident, but he didn't make a claim. He wanted the incident recorded as "for notification only". But the other driver made a claim to Eridge. Eridge's agent contacted Mr P by email to ask for further information about the incident. But Mr P said he thought the agent wasn't real, so he didn't provide the requested information.

Eridge said it was unable to defend the claim, and it settled it as fault. Mr P said he discovered this at renewal when his premium increased. He thought Eridge should have done more to contact him. Eridge agreed its communication could have been better and it paid Mr P £200 compensation for this. But Mr P remained unhappy.

Our Investigator didn't recommend that the complaint should be upheld. She thought Eridge had reasonably decided that it should have done more to tell Mr P that the claims handler was its agent. She thought it was reasonable for Eridge to tell Mr P that if he had co-operated with its investigation the best possible outcome would have been split liability. So a fault claim would have been added to Mr P's record regardless. And she thought Eridge's compensation for its poor communication was fair and reasonable.

Mr P replied that the fault claim should be marked as 50/50 split liability. He said he hadn't received the compensation payment. He thought Eridge should also compensate him for the effect of the fault rather than a split liability outcome on his premiums.

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 can understand that Mr P was reluctant to open email attachments from the claims handler when he wasn't certain that it was connected with his insurer or broker. And I can see that he was disappointed that the claim was settled as fault without obtaining his version of events. He thought this had prejudiced his position.

Mr P wants Eridge to change how the claim is recorded from fault to split liability. The investigator has already explained that it isn't our role to decide who was responsible for causing an accident. This is the role of the courts.

Instead, our role in complaints of this nature is simply to investigate how the insurer made the decision to settle the claim. Did it act fairly and reasonably and in line with the terms and conditions of the policy? And has it treated Mr P the same as someone else in his position.

As set out on page 44 of Mr P's policy booklet, Eridge is entitled under the terms and conditions to take over, defend, or settle a claim as it sees fit. Mr P has to follow its advice in connection with the settlement of his claim, whether he agrees with the outcome or not.

This is a common term in motor insurance policies, and I do not find it unusual. Insurers are entitled to take a commercial decision about whether it is reasonable to contest a third party claim or better to compromise.

That said, we expect an insurer to reasonably investigate a claim and consider the evidence available before making a decision on liability.

The evidence that Eridge had to consider was Mr P's initial report of the incident, his description of the point of impact on his car and the other driver's allegations. The cars had collided at a roundabout and the drivers blamed one another for changing lanes without due care. There was no CCTV footage or independent witness evidence for Eridge to consider.

Eridge's agent asked Mr P to provide further details and a diagram of the event. But Mr P was reluctant to open its email attachments as he wasn't certain that it was instructed by his insurer. And so Eridge said that it didn't have evidence to defend the claim. It thought that if the matter went to court, then a judge would decide it as 50/50 split liability. And so it settled the claim on a without prejudice basis to avoid further costs. This left it for Mr P to take the matter to court at his own expense if he so wished.

Mr P thought Eridge had prejudiced his position by not doing more to obtain his version of events. But I don't agree. This is because I'm satisfied that Eridge reasonably decided that the best possible outcome would be 50/50 split liability. This would mean that Mr P would have a fault recorded against him and his No Claims Bonus (NCB) would be affected just as it was with the claim fully settled.

Mr P thought it was speculative for Eridge to decide that the best possible outcome if the matter went to court would be 50/50 split liability. But I disagree as its common industry practice for insurers to base their decisions on their experience of similar cases. And so I'm satisfied that Eridge hasn't treated Mr P differently to any other customers.

So I'm satisfied that Eridge reasonably settled the claim after considering the evidence available. I think it's entitled to do this by the policy's terms and conditions. I acknowledge that it could have done more to obtain Mr P's detailed version of events. But I'm satisfied that this wouldn't have changed the outcome for him.

Eridge paid Mr P £200 compensation for not doing more to communicate with him. It didn't do enough to contact him before settling the claim. And I can't see that it notified him of the outcome. I think its compensation for this is in keeping with our published guidance for the impact of its errors. And so I think that's fair and reasonable. And I don't require Eridge to do anything further. If Mr P hasn't yet received his compensation, he should contact Eridge.

My final decision

For the reasons given above, 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 P to accept or reject my decision before 18 May 2026.

Phillip Berechree
Ombudsman