

The complaint

Miss R complains that First Central Underwriting Limited dealt with her unfairly after she claimed on her motor insurance policy. In particular she said it unreasonably pursued her for funds after her policy was cancelled.

What happened

Miss R insured her car with First Central in 2021. Her car was involved in an accident and deemed a total loss. Miss R was not in the car at the time and First Central did not insure the person driving the car (the other driver). Two third parties made claims against Miss R's policy for the damage the other driver caused to their cars in the accident.

First Central deemed Miss R's car a total loss. Miss R claimed for the damage

After investigation First Central refused to settle the claim. Miss R complained about that in 2022. First Central didn't uphold the complaint. In the meantime the policy was cancelled and First Central told Miss R she would still have to pay it around £427 in unpaid premiums.

In 2025 First Central contacted Miss R. It asked her to provide details of the other driver. That was because it wanted to try to recover its outlay – the amount it had paid to settle the third party claims against the policy – from the other driver. She complained about that, the refusal of her claim in 2022 and the actions around the policy cancellation. Miss R was unhappy with First Central's response and brought her complaint to the Financial Ombudsman Service.

One of our Investigators considered Miss R's complaint. He told her that we couldn't look into her complaint about First Central's refusal to settle her claim. That was because she had brought that matter too late. He also explained that it was reasonable for First Central to recover the outstanding premium when the policy was cancelled. But he didn't think First Central had communicated its plans to recover its outlay from the other driver fairly. So he said it should pay her £250 compensation to address the impact of that.

As First Central didn't reply to our Investigator's complaint assessment, the matter'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.

In bringing this complaint Miss R's made a number of points. I've considered everything on file but in this decision I don't intend to address each and every point raised and instead will focus on what I see as being the key outstanding points that I have the power to look into.

I think it's important I first explain that I cannot look into any of the complaint points that First Central addressed in 2022 when responding to Miss R's initial complaint. In particular that means I can't consider its decision to refuse to pay her claim for her damaged car. That's because there are strict time limits that apply to complaints brought to us. And, unless the business consents or there are exceptional circumstances for the delay, we can only consider a complaint that a consumer has brought to us within six months of the business concerned issuing its final response.

Miss R didn't bring her complaint about the claim refusal to us within six months of First Central's response to that complaint in 2022. It has not consented to us looking into it now and Miss R has not raised any exceptional circumstances that would have prevented her bringing the complaint within the appropriate time-frame. And the fact that First Central referred again to the same matter when it responded to her complaint in 2025 would not bring an out of jurisdiction complaint into our remit. Especially when First Central simply repeated what it had said previously and hadn't carried out any further investigation or changed its position.

So I can't consider Miss R's complaint about First Central's refusal of her claim for her damaged car nor for the impact of that.

Turning to the issues around the policy cancellation. Miss R was paying for her policy by monthly direct debit. But she cancelled that instruction in July 2021. First Central wrote to her about that. Miss R rang First Central on 14 July 2021 and asked it to cancel her policy. It did so the next day. It told her that she still owed it £427 towards the outstanding premium and fees.

Miss R didn't think that was fair. However, her policy is clear that when there has been a claim the full year's premium remains payable even where the policy is cancelled early. That's an extremely common term in motor insurance policies and I don't find it unfair. That's because when there's been a claim against the policy, as happened here, the policyholder has had the benefit of that policy. So I think it's fair that First Central charged Miss R the full premium for that benefit.

It follows that, given Miss R did still owe money to First Central after the policy was cancelled I don't think it did anything wrong in going through its usual processes to try and recover that money.

That said I'm aware in its response to her complaint in 2025, First Central also gave Miss R the impression that it was seeking to recover its outlay, of over £15,000, from her. However, First Central had previously told her that it would only seek to recover those funds from the other driver. And that was why it wrote to her in 2025 asking if she could provide his details.

Miss R had told First Central about some very sensitive personal issues concerning her relationship with the other driver. So, she thinks its requests for information about him were not reasonable. However, I disagree. First Central was simply asking Miss R for any information she had that could help it to recover its outlay. And by obtaining those details it could redirect its actions to recover the outlay directly from the third party. That's something it's entitled to do and there's no indication it intended to disclose to him where that information came from. It follows that I don't think First Central did anything wrong here.

However, as I've said above, in the process of dealing with her recent complaint First Central gave Miss R the impression it was seeking to cover its outlay from her. It should have been clearer that it was seeking to recover those sums from the other driver and not from her. I can understand that Miss R found the threat of being chased for over £15,000 distressing and that threat has hung over her while we've been dealing with this complaint. So to address that I think First Central should pay her £250 compensation. I think that sum is reasonable in the circumstances as it's in line with other awards we make in cases of similar seriousness and fairly recognises the impact of the unclear communication on Miss R

I'm aware Miss R doesn't feel this sum addresses some of the other impact of First Central's handling of matters. But as I've said above, I can't comment on anything concerned with First Central's decision to decline her claim initially. And as I think it was reasonable for it to seek to collect the outstanding premium owing I wouldn't award any additional compensation for the impact of that,

My final decision

For the reasons set out above I partly uphold this complaint. I require First Central Underwriting Limited to pay Miss R £250 compensation for her distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 27 March 2026.

Joe Scott
Ombudsman