

The complaint

Miss P complains about the way U K Insurance Limited (UKI) initiated and settled a claim on her car insurance policy after she reported a low-speed collision.

Any reference to Miss P or UKI includes the agents or representatives involved in the handling of the claim on their behalf.

What happened

The facts of the case are well known to both parties, so I don't intend to repeat everything that has happened in full.

In brief: Miss P collided with a third party's stationary car at low speed and after being presented with a repair bill by the third party that she thought was too high, contacted UKI to report the incident as information only and warn them of potential fraud by way of an exaggerated third-party claim. UKI first told her this would be logged as information only and closed pending receipt of a claim from the third party. Instead, they set this up as a claim and proactively contacted the third-party insurer the next day. They handled and settled the third-party claim as a fault claim without contacting her for updates or inspecting her car for damage.

Miss P complained to UKI, as she was unhappy because:

- She had reported the claim as information only and was unhappy that a claim had been set up without her consent.
- She felt the damage to the third party's car was exaggerated and the settlement figure excessive.
- She feels UKI did not take her warnings of potential fraud seriously regarding the extent of damage to the third party's car.
- UKI gave her contradictory and misleading information during the claims process, leaving her feeling anxious and depressed.

UKI reviewed Miss P's complaint, agreed the customer journey had been poor and offered £50 compensation for the distress and inconvenience caused by the incorrect advice she received during the early stages of the claims process. However, they maintained the decision to set up and settle the claim was fair and reasonable. Miss P was unhappy with this outcome and brought her case to this Service. She requested the claim be removed or reclassified so she is not held at fault, and for UKI to disclose a breakdown of the settlement figure.

An Investigator reviewed the circumstances and concluded UKI did not need to take any further action. Miss P was unhappy with this outcome, explaining that:

- She felt because she had been misadvised at the outset of the notification, it was unfair for the consequences to be hers (which I have taken to mean the impact on her no claims bonus and recording a fault claim against her).
- If she had known about the claim before it was settled, she could have taken steps to safeguard her position by taking additional steps to gather and present evidence.

- UKI's decision to settle the third-party claim without inspecting Miss P's car was unfair, as doing so would have shown no accident damage.
- UKI's failure to provide a detailed breakdown of the third party's costs was unfair.

She requested an Ombudsman's decision, so the case has been passed to me to decide.

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.

Firstly, I note Miss P submitted previous Ombudsman decisions as consideration for the way her complaint should be treated. I recognise there can be similarities across cases, but I am reviewing her complaint on its own individual merits.

I acknowledge Miss P wanted this incident recorded as information only and was unhappy this was recorded as a fault claim, but I'm satisfied that UKI's actions in handling the claim were reasonable. Though I recognise Miss P was given incorrect information at the start of the process, in the initial telephone call she told UKI she rolled into a stationary car and UKI said if the third party claimed, this would be recorded as a fault claim and affect her no claims discount. So, I am satisfied that UKI acted reasonably in not disputing liability.

UKI said that, as Miss P's insurer, they had to take responsibility for the claim as Miss P was at fault for the accident, and the proactive contact with the third party was done to mitigate further losses. At this point, Miss P had already been presented with a repair bill by the third party, so reaching out proactively to confirm the extent of their losses was a reasonable action.

UKI settled the claim as it saw fit, without Miss P's agreement or consent, which Miss P was unhappy with. Page 37 of the policy booklet says UKI is entitled to, *"Take over and carry out the negotiation, defence or settlement of any claim in your name, or in the name of any other person covered by this policy."* While I can appreciate Miss P's frustration in not being consulted, UKI was entitled to settle the claim, but it needs to make sure it uses this entitlement fairly and bases its decisions on facts and evidence.

Miss P was unhappy with the value of the settlement figure, as she believes it was too large for a car of its age and condition, and the damage was potentially exaggerated. UKI said the car was assessed by a qualified engineer, and they determined the degree of damage was in keeping with the circumstances of the incident and the location of impact. I have reviewed the engineer's reports and photographs of the damage to the rear of the third party's car, and am satisfied that UKI acted reasonably by settling the third-party claim as it did, including the car being a total loss.

I recognise Miss P's view that, if she had known this notification would progress to a full third-party claim, she would have taken additional steps to gather evidence and defend her position. However, I'm not persuaded she would have been likely to provide additional evidence that would have resulted in a different outcome. She told UKI in the first notification call that she drove into the back of a stationary car. She also said she noticed a dent in the third party's rear bumper after the accident. UKI told her that, if the third party claimed, this would be recorded as a fault claim against her. And the third party did make a claim.

The policy booklet says, *"Even if you don't make a claim on your car, it's important to let us know about the accident as quickly as possible. This will enable us to contact the other party and resolve the entire claim, giving you the best service and keep the costs down."*

This means Miss P would have had to notify UKI of this incident, and the next day UKI told her it was reaching out to the third party. The damage to the third-party car was the cause of the costs involved in the settlement, and Miss P already confirmed there was no damage to

her car. While I note Miss P's concerns about the cost of the settlement, I am not persuaded that inspecting her car would have affected the engineer's assessment of the damage to the third party's car, and this would have still been recorded as a fault claim due to the circumstances of the incident.

To conclude, I find that UKI acted fairly and reasonably in the way they handled the claim itself, though I recognise issues with the way they communicated with Miss P. The initial information they gave to Miss P was incorrect, and no doubt contributed to her poor customer journey. While ultimately the claim would have progressed largely as it did, and I haven't found any problems with the way the claim itself was handled, UKI's miscommunication at the start contributed to Miss P's anxiety and distress, considering her personal circumstances at the time. UKI acknowledged their errors and offered £50 compensation for the distress and inconvenience caused, which I find to be fair.

My final decision

For the reasons I stated above, I am not upholding this complaint. U K Insurance Limited should pay Miss P the £50 compensation if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 18 May 2026.

Joshua Clement
Ombudsman