

## **The complaint**

Ms O complains about the way UK Insurance Limited (UKI) handled a third-party claim on her car insurance policy, which led to legal proceedings and a County Court Judgement (CCJ) being applied to her credit file.

Any reference to UKI includes the agents or representatives involved in the handling of Ms O's 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: Ms O was involved in an accident in June 2023, and the third party's insurer disputed liability. Ms O did not claim for herself as the cost to repair the damage to her car was minimal, but the third party made a claim on her car insurance policy.

Ms O denied liability as she said the third party hit the rear of her vehicle while overtaking, so UKI wanted to dispute liability and began the steps required for litigation. However, the third-party solicitor did not communicate with UKI, instead sending communications directly to Ms O and refusing to correspond with UKI.

UKI chased the third-party solicitor but after several months with no response to their enquiries and no further communications, UKI closed the claim in December 2023.

On 10 March 2025, Ms O received correspondence from the third-party solicitor indicating they were taking her to court to recover costs from their claim, which was still open and ongoing from their point of view. UKI again tried to email the third-party solicitor, but they did not instruct solicitors to begin proceedings to defend the judgement before the deadline of 15 March 2025, and in May 2025 a judgement was made against Ms O.

Ms O complained on 2 June 2025 to UKI for the anxiety and distress that the unwarranted CCJ caused, as well as the knock-on impact on a business venture she was intending to launch over the summer. UKI accepted their errors in Ms O's claim and awarded her a payment of £750 for the distress and inconvenience caused. They also took immediate steps to get the CCJ set aside and offered to reimburse any out-of-pocket expenses Ms O suffered, if she could provide evidence.

Ms O said that figure did not accurately reflect the losses she suffered because of UKI's failings, so she brought her complaint to this Service.

An Investigator reviewed Ms O's complaint and UKI's response. They gave the opinion that their offer of £750 with an offer to cover any evidenced out-of-pocket expenses was reasonable. Ms O was unhappy with this, and the complaint was sent to me for an Ombudsman's decision.

## **What I provisionally decided**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

*Firstly, I want to express my sympathies to Ms O – this situation has surely been difficult, and it is understandable that she has experienced anxiety and sleepless nights because of these circumstances.*

*It is not my place to determine liability in the accident which led to this complaint, and I will not be doing so. Additionally, UKI has already accepted that it could have done more to ensure this CCJ was not applied to Ms O. My role, therefore, will be to determine whether UKI's offer of £750 plus an offer to cover out-of-pocket expenses (with evidence) was fair and reasonable.*

*To decide this key question, I need to assess the scale of the impact these errors have had on Ms O, and whether they can be directly attributable to UKI.*

#### *Early delays and no response from third-party solicitor*

*Between June and December 2023, UKI requested information and chased for a response from the third-party solicitor, but did not receive a reply, so they closed the claim and emailed the third-party solicitor to confirm they were doing so. It is reasonable for an insurer to close a claim as inactive if they receive no response from the other party after a reasonable period, so I do not hold UKI to be at fault for the delays up until 10 March 2025.*

*So, while I appreciate that this is a significant period for Ms O to wait, I cannot hold UKI responsible for these delays. They have been caused by the third-party solicitor's refusal to communicate directly with UKI, and UKI have not acted unreasonably.*

#### *The CCJ and its impact on Ms O and her business*

*UKI missed an opportunity to contact the courts between 10 and 15 March 2025 and either submit their defence (as they were planning to dispute liability) or request a new date. This meant that a chance to prevent the CCJ was missed, and I hold UKI responsible for that failing. Indeed, UKI has already accepted they could have done more to prevent the application of the CCJ.*

*Ms O has said that she intended to launch a new business venture over the summer, and her business plan was reliant on obtaining a business loan to obtain enough stock to fulfil an onboarding process with a major high-street retailer. She says that she submitted two business loan applications, both of which were declined, as the CCJ impacted her credit score.*

*I have not seen documentary evidence of these applications, the reason for their decline, or any contracts between Ms O's business and the retailer, but I can appreciate how a loan application would be less likely to succeed with a CCJ on Ms O's credit file. However, this was a new venture, and its success was dependent not just on the loan, but on external factors unrelated to this incident. While I appreciate that the CCJ was likely a contributing factor for the failure of these applications, I can't quantify any actual losses suffered, as Ms O is referring to a hypothetical loss of future sales in a business with no track record of profitability. In any case, UKI has already offered to reimburse any out-of-pocket expenses, which I deem fair and reasonable.*

*Separate from the business, I must also consider the impact of these events on Ms O herself. Ms O has reported that having this surprise CCJ on her credit file has caused her anxiety and sleepless nights, as well as disruption to her credit score which she monitors closely. I can certainly appreciate that having a CCJ added to your credit file in error is a significant event, and the negative impact of this is likely to be substantial.*

*UKI acted swiftly once they became aware of the error, and their legal team were able to file for a Certificate of Cancellation within the deadline. This helped to mitigate any ongoing negative impact on Ms O's credit file, and correspondence shows the CCJ was confirmed as*

*removed from the public register on 6 October 2025 – four months after they became aware of their error. This is a reasonable timeframe for such an action to progress through the courts and the register, so I believe that, once it became aware of its failings, UKI acted fairly and reasonably.*

*Having considered the facts of this case, I am satisfied that UKI's offer of £750 compensation plus an offer to reimburse out-of-pocket expenses is a reasonable one. Ms O has clearly suffered a significant negative outcome as a result of having a CCJ applied, but the error was corrected in a reasonable timeframe, and the long-term effects were therefore minimised.*

*However, I believe UKI needs to go further in one specific area. I have received confirmation from UKI that this claim is recorded as a 'no claims discount disallowed' claim on UKI's internal records. As previously stated, I am not making a judgement regarding liability, but I am aware that UKI was planning to contest liability in court. This signals to me that UKI believed they had a reasonable prospect of success in their defence, and this opportunity was lost due to the missed filing deadline. Under the circumstances, I think it appropriate for UKI to apply the benefit of the doubt and err on the side of the consumer, recording this claim as 'no claims discount allowed' for the purposes of internal record-keeping.*

Ms O did not respond to my provisional decision.

UKI responded to my provisional decision, confirming that the claim in question is already showing as 'bonus allowed' on their systems, and as a result there is no ongoing impact on Ms O. As I found that UKI had acted fairly and reasonably in the other areas Ms O complained about, I am removing any direction on UKI in this area, and therefore this complaint is no longer upheld.

### **My final decision**

For the reasons I stated above, I am not upholding this complaint. UK Insurance Limited is required to:

- Pay £750 compensation to Ms O if it has not done so already,
- Maintain its offer to reimburse Ms O for any out-of-pocket expenses that can be proven by way of receipts or other such evidence.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 7 May 2026.

Joshua Clement  
**Ombudsman**