

## **complaint**

Mr B has complained that International Insurance Company of Hannover SE settled a claim against his motor insurance policy for damage to another car which he says he didn't cause.

## **background**

Mr B had a motor policy with Hannover from November 2011 to November 2012. In June 2014 Hannover received a claim for damage to another car by Mr B during that policy year.

Hannover tried several times to contact Mr B on the 'phone number and address they held for him. As Mr B didn't reply Hannover eventually settled the claim because there was an independent witness statement saying that Mr B's car had caused the damage. In November 2014 Hannover's claims handling agent asked Mr B to pay back the £994.48 which they'd paid out on the claim.

Mr B says he wasn't involved in this accident. He thinks Hannover should have tried harder to contact him before settling the claim and should investigate it further by inspecting his car.

The adjudicator who investigated the complaint thought that Hannover had done nothing wrong. Mr B doesn't agree and so his complaint has come to me to decide.

## **my findings**

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

Under Mr B's motor policy, Hannover has full power to settle a claim without consulting the policyholder. This is stated on page 9 of the policy booklet under the heading "*Conditions*". Conditions like this are common in motor policies so that insurers can agree a settlement out of court if they think that defending the claim in court would be unsuccessful or cost more than the settlement. Although it's Hannover right under the policy to decide whether to defend or settle a case, we expect it to reach its decision in a fair and reasonable way taking account of all the evidence it has and its past experience of handling claims.

## *evidence*

Although the claim didn't reach Hannover until two years after the accident, the other driver had claimed immediately. The accident took place on 17 July 2014, and the other driver's insurer provided Hannover with photographs of the other car dated 19 July and a garage receipt for the repairs dated 24 July. The insurer also provided a statement by an independent witness who had noted down the make, model, colour and registration number of Mr B's car. The witness stated that Mr B's car had crashed into the back of the other car, which was parked.

In these situations insurers look at how the case would stand up in a court. I think it was reasonable for Hannover to decide they couldn't convince the other insurer or a court that Mr B didn't cause the damage, especially as they had no information from Mr B. I don't think Hannover made an unreasonable decision to settle the claim given this evidence.

Mr B wanted Hannover to arrange an inspection of his car, which he says is undamaged. But Hannover said that this wouldn't have altered their decision. Hannover said the damage to

the other car was minor, so Mr B could have caused it without damaging his own car; or Mr B could have had his car repaired in the past two years, which would have been hard for an engineer to identify. I don't think this is unreasonable.

*giving Mr B an opportunity*

The policy condition I mentioned earlier says that Hannover don't have to consult Mr B. But we would expect them to consider what he says as well as the other driver's claim and any other independent evidence.

Hannover tried to call Mr B on the only 'phone number they had for him and then wrote to him several times at the only address they had for him. Twice in July 2014 they sent him an accident form to fill in. In August they wrote to him asking him to contact them and warned him that they might have to settle the claim if he didn't reply.

When Mr B didn't reply Hannover settled the claim. On 25 November 2014 Hannover's claims handling agent wrote to Mr B explaining that they'd now settled the claim and that they expected him to reimburse the amount paid out.

After that Mr B did contact Hannover. He told Hannover that the address they'd written to was one where he'd lived only temporarily, but then later said it was his parents' address. Hannover have provided us with the recording of the 'phone call where Mr B said this.

So I think Hannover did make reasonable attempts to contact Mr B before settling the claim. They sent several letters to his parents' address, and he did reply to the November letter.

We don't decide who caused an accident. We only decide whether an insurer made a reasonable decision in choosing to settle a claim from a third party. I think Hannover made its judgement based on what it felt would be the likely result if the case went to court. I think this was reasonable as there was an independent witness and, at the time of settling the claim, Hannover had given Mr B at least three opportunities to come forward with his own information.

*excess*

Mr B's policy clearly states that a £3,000 "all sections policy excess" applies. As this is unusual in motor insurance, I would expect Hannover to draw it to Mr B's attention. The Key Facts document, which is a summary of the main features of the policy, explained that the total excess was £3,000 and applied to all sections of the policy including third party damage. The temporary cover note also mentioned it. The Statement of Facts also referred to a £3,000 total excess and at the end of this document it said in large bold type:

*'I am aware that I am responsible for the amount of the excess stated for each and every claim and I also undertake to repay the insurer on demand any such amount which the insurer may pay/repay on my behalf.'*

Hannover have provided us a recording of the 'phone call when Mr B took out his policy. The representative explained that the £3,000 all sections excess meant that Mr B would have to pay the first £3,000 of any claim including any claim from a third party. The representative asked Mr B if he'd be able to pay this sum if necessary, and he said yes.

So I think Hannover did try to ensure that Mr B knew he had to pay the first £3,000 of any claim, including any claim from another driver. In fact Hannover only asked him to reimburse the £994.48 which they'd actually paid out, and I think they were entitled to do that.

So overall I don't think Hannover have treated Mr B unfairly in the circumstances or done anything wrong.

**my final decision**

For the reasons given above it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 September 2015.

Sandra Webber  
**ombudsman**