

complaint

Mr B's unhappy with the amount U K Insurance Limited (UKI) have offered in compensation for errors in how they dealt with his claim. Mr B wants a substantial compensation payment and UKI to explain to him what they've done to improve their communication.

background

Mr B was involved in an accident in June 2013. He reported it to UKI and they instructed solicitors. These solicitors were acting for Mr B and UKI but for ease, I'll just refer to them as Mr B's solicitors.

I understand that UKI and the insurer for the third party reached an agreement to settle each of their outlays and each of their insured's losses on a 50/50 basis. But the third party then brought a claim for personal injury and other losses not covered by this agreement. Around this time, the solicitors UKI appointed changed.

I can see that default judgment was entered against Mr B in April 2014. And a hearing was listed so the judge could decide how much Mr B should pay in damages. But this hearing didn't go ahead because an agreement was reached between Mr B's solicitors and the third party's solicitors. As part of this agreement, judgment was set aside (this means it was treated as though it hadn't been entered) and Mr B's solicitors were able to defend the claim against Mr B, and make a counterclaim for him against the third party. I understand that sometime after judgment was set aside, the solicitors for Mr B and the third party reached a settlement of both the third party claim and Mr B's counterclaim.

From what Mr B's said, I understand he's not happy that UKI agreed to a 50/50 settlement. Because he thinks the third party shouldn't have been paid anything because they caused the accident and there was evidence that showed this.

Mr B's highlighted a number of things that he's unhappy about and occurred during the handling of his claim. These are addressed in detail below. Mr B doesn't think the £250 he's been paid is enough and he's treated this as an interim payment. He says that an advisor at UKI agreed with this.

Our adjudicator looked at this complaint and thought about the way UKI had handled Mr B's claim and the impact this had on Mr B. He didn't think Mr B's complaint should be upheld. Because Mr B disagreed, his complaint's been passed to me.

my findings

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

From what Mr B's said, I understand that he's upset with UKI's handling of his claim because:-

- They ignored court documents, didn't defend the case and so allowed a judgment to be entered against him. He says this happened even though he followed the instructions UKI gave him;

- When judgment was entered against him, this caused a lot of stress and strain on his marriage. And affected the enjoyment he had whilst on holiday. He had to fight to get UKI to fix this and do what they should have done before.
- He wasn't kept informed about what was going on – his phone calls and emails weren't responded to;
- He says they didn't care or want to bother with his claim. He feels he was treated with complete and utter contempt.
- They didn't do their job properly – he doesn't understand why they agreed to a settlement given the evidence available.
- He's been a loyal customer for 22 years and expects them to treat him appropriately, do what he's paying them for and be honest with him.
- Delays caused by UKI affected the progress of his claim;
- The amount UKI offered to pay him doesn't include the stress they've caused him.
- There were spelling mistakes in letters he was sent.

In the final decision letter that UKI sent Mr B, they accepted they made errors when handling his claim. And that their claims team should have been more proactive in dealing with the dispute over who was responsible for the accident. UKI apologised for the spelling error in a letter Mr B received and explained that feedback had been given. UKI also apologised for the delay in resolving the claim and that Mr B's calls weren't returned as requested. They explained that feedback would be given for this too. And they offered £250 to compensate Mr B for these errors.

UKI have accepted most of Mr B's complaints outlined above in their final response letter. I can see that a default judgment was entered against Mr B. And this was because of a failure to file a court document in time. And I agree with Mr B's view on why this happened. It was UKI's fault and not his. But I can also see that this was corrected by Mr B's solicitors relatively quickly. That said, I think it would have been distressing for Mr B to find out judgment had been entered against him because of an error. I'll think about this when deciding what amount UKI should pay Mr B in compensation.

Although Mr B might not be very happy with the 50/50 settlement UKI made. UKI's entitled to make this decision. And it had no impact on Mr B anyway. I say this because despite this settlement being agreed, Mr B later received all his losses and the accident has been recorded as "non-fault". This means it won't affect his no claims bonus. Mr B might have preferred to argue his case in court, but in recording his claim as "non-fault", it's possible he's in a better position than if he'd gone to court. So, in thinking about how much compensation Mr B should be paid, I don't think it's appropriate for Mr B to get compensation for being upset about the settlement reached.

Although Mr B was sent a letter with a spelling error, UKI have apologised for this and sent an amended letter. I don't see how the original letter with errors affected Mr B's understanding or the apology being made. So, I don't think this error means UKI should pay Mr B any compensation.

I need to decide if the £250 UKI offered (and I understand has paid) to Mr B is fair and reasonable given the things that UKI did wrong during their management of his claim. Although Mr B says it was agreed that this £250 would be an interim payment, I can't see that this is what happened. What's clear is that UKI don't think they should pay him anymore.

I accept Mr B's experienced a lot of hassle and stress, but I don't think it's fair to compare this to a personal injury like he's suggested. And in awarding compensation, as the

adjudicator has explained, we're not looking to punish UKI. We're looking to make sure that Mr B's been fairly compensated for the trouble and upset he's experienced.

I think £250 is fair and reasonable in the circumstances of this complaint. I say this having taken into account that default judgment was entered against Mr B. And having thought about the impact these errors had on Mr B. So, I don't think UKI should pay him anymore.

my final decision

My final decision is that I don't uphold Mr B's complaint against U K Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 October 2015.

Lisa Wright
ombudsman