

complaint

Mr C has complained about U K Insurance Limited's decision to record a claim against his car insurance policy as a fault claim.

background

Mr C bought a car insurance policy with UKI. On 8 October 2016 Mr C sold his car to a bodyshop. It was damaged and had no MOT. He didn't tell UKI about the sale. He said it was a mistake and he'd intended to buy a replacement car to insure with UKI.

Three days later the car was involved in an incident and UKI received a claim from a third party insurer (TPI). It tried to speak to Mr C on a number of occasions and wrote to him too. He didn't reply. So in January 2017 UKI settled the claim as a fault claim on a 'without prejudice' basis.

Mr C contacted UKI in October 2018 through his broker. He provided a copy of the V5C to show he'd transferred the registration of the car to the bodyshop on 8 October 2016. Mr C complained about UKI's decision to settle the claim.

Our investigator thought UKI had acted reasonably in reaching its decision to settle the claim. This was its obligation under the terms of the Road Traffic Act as the last insurer of the car. UKI had tried to contact Mr C, but he hadn't replied. He didn't tell it when he sold the car which he should have done.

However, the investigator thought that UKI - when it received the V5C in November 2018 - should have looked to recover the costs of the claim from the bodyshop. But he said that if UKI were unsuccessful, the claim should correctly remain recorded as a fault claim.

Mr C accepted the investigator's findings.

UKI didn't agree. It said it checked the Motor Insurers Database (MID) at the time and saw it was the only insurer for the car. It was for Mr C to have told UKI when he sold the car in line with policy, but he didn't. The incident was three years ago and there was no insurer to look to recover costs from.

UKI said it dealt with the claim on a without prejudice basis in line with the policy. Mr C failed to contact it despite its requests. UKI doesn't agree that it should do any more as it acted correctly.

I issued a provisional decision on 17 December 2019. I thought UKI had acted reasonably. So I didn't intend to uphold Mr C's complaint.

UKI accepted my provisional decision. Mr C hasn't replied. So the case has been passed back 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. As I haven't received any new information to consider, my final decision is the same as my provisional decision.

We don't decide liability. This is the role of the courts. We can look at whether an insurer properly investigated a claim and reached its decision reasonably and in line with the policy. Mr C's policy says that UKI can settle defend or settle a claim as it sees fit. It also says that Mr C must tell it when he's sold his car. Under the terms of the Road Traffic Act 1988, UKI as the last insurer, is liable for any claim regardless of whether or not the driver is named on the policy or not.

UKI tried to contact Mr C by telephone and letter between October 2016 and January 2017 but didn't receive a reply. Mr C says he didn't receive any communication from UKI. But I can't hold UKI responsible for that. And it checked with the MID and found it was the last insurer, so it was obliged to deal with the claim. This meant there was no insurer for the bodyshop named on the V5C for UKI to look to recover its claim costs from. Theoretically UKI could look to recover the claims costs from the bodyshop. But Mr C sent UKI the V5C form over two years after the incident took place. I think UKI properly investigated the claim at the time.

I understand Mr C is disappointed that he has a fault claim recorded against him. But UKI as his insurer was entitled to make a decision to settle the claim on the best terms possible in line with the policy and the Road Traffic Act, rather than continue to investigate with escalating costs and an unlikely chance of recovery. So even though Mr C doesn't agree, I don't think UKI has acted unreasonably. As Mr C didn't provide UKI promptly with the information it needed to look to defend the claim, I think it reached its decision reasonably. So I don't think it needs to do any more.

my final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 February 2020.

Geraldine Newbold
ombudsman