

## complaint

Mr L complains that Advantage Insurance Company Limited wrongly settled a claim made against his motor insurance policy for damage to a third party car for which he says he was not responsible. This complaint is brought on his behalf by his relative, Ms L.

## background

A third party notified a claim to Advantage against Mr L's policy. They said that in November 2013, the rear of their car had been hit by Mr L's car at a roundabout, suffering some £450 damage. They supplied Mr L's full name, address, car registration number and a brief description of Mr L and his car.

Although the third party insurer had sent two previous letters to Advantage to recover its repair costs, it was August 2014 before Advantage notified this claim to Mr L. He said he had not been involved in any such collision. His car was inspected by an independent engineer, and no trace of any damage or repair consistent with the alleged collision was found.

Mr L's car was also fitted with a telematics box. This was inspected and indicated "*no incidents*". However it did show his car to have been on the road in question at the time the collision was said to have taken place. Notwithstanding Mr L's continued denial of liability, Advantage settled the third party's claim on a "*without prejudice*" basis, which meant that Mr L lost his no claims discount (NCD). Ms L brought the present complaint on behalf of Mr L.

Our adjudicator recommended that this complaint should be upheld. She noted that under Mr L's policy, Advantage had the right to take over, settle or defend a claim as it saw fit. However this service required any such term to be enforced in a reasonable manner.

Although the telematics box showed Mr L to have been on the relevant road at the relevant time, Mr L said he used the road on a daily basis to get to and from his place of work. Also, although two people had been in the third party car, the only evidence produced was a one sentence statement from the driver, without any accompanying diagram. The adjudicator did not consider this evidence persuasive against Mr L.

She considered that Mr L's complaint should be upheld, and that Advantage should:

- remove the accident from Mr L's record on all internal and external databases;
- reinstate his NCD to show Mr L as having one year's NCD at his renewal following the date of the incident;
- pay Mr L £300 as compensation for the distress and inconvenience he had suffered; and
- refund to Mr L the increase in premiums he suffered on renewal, with interest from the date the increased premium was paid until settlement.

Advantage responded to say, in summary, that:

- it did not agree that its Claims Department had not carried out sufficient enquiries before deciding to settle the claim;
- the third party's insurer supplied quite specific details of Mr L which it said were acquired at the time of the collision. Advantage said these details could not easily have been acquired otherwise;

- given the relatively slight damage to the third party car, it did not follow that Mr L's car would have suffered any damage;
- such information as was recorded on the telematics box supported the third party's allegations; and
- although it looked to defend its policy holders where possible, in view of the details presented in this case it did not consider it would have been able to provide a robust defence. So its decision to settle on the best terms available in accordance with its rights under the policy was reasonable.

### **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr L has consistently denied colliding with the third party car. I note there was a considerable delay before Advantage told Mr L that a claim had been made. No sign of damage or repair was found on Mr L's car. The telematics evidence was, in my view, inconclusive. In these circumstances I consider that Advantage should have required more detailed statements/diagrams from the occupants of the third party car before agreeing to settle the claim.

I conclude that Mr L's complaint should be upheld, as set out more fully below.

### **my final decision**

My decision is that I uphold this complaint, and order Advantage Insurance Company Limited to:

1. remove the accident from Mr L's record on all internal and external databases;
2. reinstate Mr L's NCD to show him as having one year's NCD at his renewal immediately following the date of the incident;
3. pay Mr L £300 as compensation for the distress and inconvenience he has suffered; and
4. refund to Mr L the increase in premiums he has suffered on renewal, with interest at the annual rate of 8% simple from the date the increased premium was paid until settlement.

If Advantage considers that it has to deduct tax from the interest element of my award, it should send Mr L a tax deduction certificate when making payment, which he can use to reclaim the tax, if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 27 February 2015.

Lennox Towers  
**ombudsman**

