

## **complaint**

Mr and Mrs C complain about how U K Insurance Limited, trading as Direct Line (UKI), has recorded a claim Mrs C made on her car insurance policy with it.

## **background**

Mr and Mrs C both held car insurance policies with UKI. Mrs C was a named driver on Mr C's policy.

In September 2017, Mrs C parked her car in a marked bay in a hospital car park. When she returned to the car, she found it had been damaged. No note had been left, and the hospital said it had no CCTV footage.

Mrs C made a claim on her policy and UKI paid for the damage to be repaired. It told Mrs C it would classify this as a 'fault' claim. Mr and Mrs C thought that couldn't be right, so they explained the circumstances to UKI. UKI assured them it would change the claim record so it would show as 'non-fault'.

Mr and Mrs C thought no more about the matter until Mr C came to renew his policy in May 2018. He told his new insurer about Mrs C's non-fault claim. But the new insurer then said he'd given it wrong information, because the claim had been recorded as 'fault'. This meant Mr C's premium increased by £75.70.

Mr C complained to UKI. It said it was right to have recorded the claim as a fault claim, because it hadn't been able to recover the cost of the repairs to Mrs C's car. It later apologised to Mr C for wrongly having told him it would record the claim as 'non-fault'. It sent him a cheque for £125.70 – representing the extra premium he'd had to pay, plus £50 compensation.

Mr and Mrs C still thought this shouldn't be a 'fault' claim, because the accident wasn't Mrs C's fault. They got in touch with us.

Our investigator concluded that UKI was entitled to record the claim as it had. He said this is usual practice in the insurance industry, where an insurer can't recover the money it has paid for a claim.

Mr and Mrs C felt this was neither right nor fair, given that Mrs C had done nothing wrong. They said this doesn't make her a higher risk of making another claim, and the policy terms didn't provide for UKI to do what it had done. Mr C also felt UKI's recent advertising campaign was misleading, because it inferred that customers' future premiums wouldn't be affected by accidents such as the one Mrs C had had.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, while I'm sorry to disappoint Mr and Mrs C, I've reached the same overall conclusion as the investigator did, for much the same reasons.

I can certainly see why Mr and Mrs C feel they've been treated unfairly. Mrs C wasn't in the car when it was damaged, never mind driving it, and she's said she'd left it in a marked bay.

So she couldn't have done anything differently to prevent the accident; she was simply very unlucky.

However, the terms of Mrs C's policy with UKI say it can settle claims as it sees fit. That's a common provision in motor insurance policies. In this case, there were no witnesses to the accident, and no CCTV footage. So I think there was nothing UKI might reasonably have done to investigate the claim further and identify who was to blame for the accident. And its 'uninsured driver promise' didn't apply, because it couldn't find out who the other driver was.

In these unfortunate circumstances, as the investigator explained, it is usual practice for a 'fault' claim to be recorded. Motor insurers often categorise claims as either 'fault' or 'non-fault'. When a claim is recorded as 'fault', this doesn't necessarily mean the driver was to blame for an incident. It means that the insurer couldn't recover its costs from another party. This is what has happened in Mrs C's case: UKI had to settle the claim, and it couldn't get back what it paid out from the person responsible for the damage or from their insurer, as it doesn't know who the person was that caused the damage, or even the registration of the car they were driving.

UKI hasn't said Mrs C was responsible for the accident, although I can understand why use of the word 'fault' could lead Mr and Mrs C to see it differently. However, as I've explained, this is the terminology motor insurers often use to record claims. I can't change that. And this means I think UKI acted reasonably in categorising the claim as 'fault'.

Nonetheless, I would expect an insurer to be clear about how it is settling a claim. UKI didn't do that here: it wrongly said it had altered the claim to 'non-fault'. This led to Mr C unknowingly giving his new insurer wrong information – and embarrassment and an unexpected higher premium when this came to light.

UKI has accepted it got this wrong, and it has already paid £125.70 by way of compensation. In all the circumstances, I think that's fair to reflect the impact of its mistake.

Finally, I've noted what Mr C has said about UKI's adverts. This is something he may take up with the relevant regulators if he wishes, but it's not a matter for this service.

### **my final decision**

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 and Mrs C to accept or reject my decision before 26 October 2018.

Janet Millington  
**ombudsman**