

The complaint

Mrs D complains that Tesco Underwriting Limited ("Tesco") mishandled a claim on her motor insurance policy.

What happened

Mrs D had a multi-purpose vehicle, first registered in 2012.

For the year from early May 2022, Mrs D had the car insured on a comprehensive policy with Tesco. The policy schedule said she had nine year no-claims discount ("NCD") which was "protected".

The policy covered Mrs D as policyholder and her husband as a named driver. The cost was about £285.00.

In late July 2022, a third party made a claim to Tesco that Mrs D had accidentally damaged the third party's vehicle.

Tesco settled the third party's claim. By a letter dated early January 2023, Tesco told Mrs D that it had dealt with the matter on the basis that she was responsible.

Mrs D complained to Tesco that it was treating her unfairly.

In April 2023, Tesco gave Mrs D a renewal quote of over £800.00. That included an additional named driver.

By a final response dated late April 2023, Tesco turned down the complaint.

Mrs D brought her complaint to us in late May 2023.

In mid-July 2023, Tesco offered Mrs D £100.00 compensation, which she declined.

Our investigator didn't recommend that the complaint should be upheld. She thought that Tesco's actions were fair and in line with the terms of the policy.

Mrs D disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint. She and her husband say, in summary, that:

- The third party's claim was unfounded.
- Tesco told them it regarded their driver to be at fault and that this must be declared to any prospective insurer on any relevant vehicle for the next 5 years.
- Tesco confirmed to them that it was wrong to settle without informing Mrs D in advance.
- By a letter dated 10 October 2023, Tesco sent Mrs D a cheque for £100.00.

What I've decided – and why

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

Any claim (especially a fault claim) is likely to affect the policyholder's premium for the following few years.

Like most motor policies, Tesco's policy contained a term allowing it to decide how to deal with a claim involving a third party. Tesco's term was as follows:

"5. Dealing with claims...

You or any other person who claims under this policy must not negotiate, admit fault or make any payment, offer or promise of payment unless you have our written permission.

In dealing with any claim under the terms of this policy we may:

- carry out the defence or settlement of any claim...*
- take any legal action in your name or the name of any other person covered by this policy.*

We can do any of these in your name or in the name of any person claiming under this policy.

Anyone who makes a claim under this policy must give us any reasonable information we ask for that is relevant to your claim"

In my view, that meant that, on a question of how best to deal with a third party's claim, Tesco's view would prevail over its policyholder's view.

I will consider whether Tesco applied that term fairly in Mrs D's case.

Unlike a court, we don't hear evidence from each driver and their witnesses.

Tesco received a claim from the third party and felt obliged to deal with it.

I'm satisfied that Tesco took into account Mrs D's version of events. She said that she had parked next to a vehicle and noted that it was already damaged. So Mrs D moved her vehicle.

Tesco appointed an engineer to assess Mrs D's vehicle for any damage. The engineer noted *"moderate damage to various areas of the car"* but didn't express an opinion whether the vehicle had damaged the third party's vehicle.

Tesco received a statement from someone who knew the third party, saying that Mrs D had hit the third party's vehicle. Mrs D's husband has criticised the lack of detail in that statement. Nevertheless, I'm satisfied that Tesco had to take it into account.

The third party's insurer gave notice of intention to issue court proceedings against Mrs D for damage repair of about £1,200.00.

Tesco assessed how it thought a judge would weigh up the available evidence. Tesco decided that, rather than incur the cost and risk of court proceedings, it would settle the third party's claim.

I'm satisfied that Tesco's decision to settle was a reasonable decision in the circumstances.

I keep in mind the policy term quoted above. I don't consider that Tesco treated Mrs D unfairly by making its decision to settle without telling her in advance - whatever Tesco said later.

Tesco says that it offered Mrs D £100.00 for shortcomings in its explanation of its reasons for settling. Our investigator found that fair. But Mrs D disagreed. So I wouldn't have expected Tesco to send a cheque in October 2023. Nevertheless, I consider that Mrs D may present the cheque.

However, I've found that Tesco's decision to settle was reasonable. So I don't find it fair and reasonable to direct Tesco to change the way it has recorded the claim against Mrs D or to offer her any redress for the effect on her premiums for the current year and the next few years.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Tesco Underwriting Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 16 January 2024.

Christopher Gilbert

Ombudsman