

The complaint

Mr O complains about how UK Insurance Limited (“UKI”) dealt with a claim he made on his motor insurance policy after his car was hit by a third party.

What happened

Mr O had fully comprehensive car insurance with UKI. The policy ran from February 2021 to February 2022.

Mr O was involved in a road traffic accident in June 2021. He says the third party went into the rear of his vehicle.

Mr O says he was waiting to be contacted by UKI since the third party was attempting to challenge liability. Mr O says he contacted UKI for updates on numerous occasions but never received a call back, despite being assured someone would.

Mr O complained to UKI in December 2022. Mr O says he’s since found out that UKI had accepted 50/50 liability for the accident, without any consultation with him. He says UKI accept it shouldn’t have settled the claim in the way it did and agreed to try to recover the cost of repairs to his vehicle.

Mr O says the claim has impacted him both emotionally and financially. The cost of his policy was affected since the incident was recorded as a fault claim. Mr O says he was involved in a separate accident the previous year and also two non-fault accidents which have also contributed to the increase in his policy premium. Mr O also drives for work so trying to obtain insurance for that was difficult which caused him a lot of stress. He wants UKI to compensate him for the excessive premium he’s paid over the past two years, and also for the stress and inconvenience caused to him and his family.

UKI accept there were delays in the claim progression and Mr O had to make multiple calls to obtain updates. It said to make up for the distress and inconvenience caused it paid him £350.

Mr O wasn’t happy with the response from UKI so he referred the complaint to the Financial Ombudsman. One of our investigators looked into things for him. She said there had been delays that UKI had acknowledged but the compensation offered didn’t go far enough. So recommended a payment of £700 to reflect the distress and inconvenience caused.

UKI didn’t agree with the level of compensation offered. It said whilst there were delays some of those were caused by the third-party insurer. It also said it hadn’t dealt with any personal injury claim since liability remained an issue. So it increased its offer of compensation to a total of £500. Mr O accepted this amount as he believed it was in addition to the £350 he’d already received. Mr O wasn’t happy with the offer and so the complaint has come to me to decide.

My provisional decision

I recently issued a provisional decision setting out my thoughts on the key complaint points and how I thought matters might best be resolved. I said;

"I can see this incident and its consequences have had a significant impact on Mr O. I can understand why he thought it would be a straightforward claim given the nature of the accident, and that would be enough to show the third party was at fault. And so when the claim wasn't settled as quickly as he expected I think it would have both shocked and upset him.

It's not for me to decide who was responsible for the accident or how the claim should be handled. It is important to explain my role here is to look at whether UKI acted in a fair and reasonable manner, and within the terms and conditions of the policy in the handling of the claim. I'm not able to look at the actions of the third-party insurer.

I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it's affected what I think is the right outcome.

Not kept up to date throughout the claims process

The relevant industry rules say an insurer should handle claims promptly and fairly and shouldn't unreasonably reject a claim. UKI accept the claim wasn't dealt with as it should have been. There were delays in progressing the claim and a lack of communication

Mr O feels he wasn't kept updated throughout the claim. He did chase for an update on occasion and I can see at least one instance where he was told someone would call back but they didn't. I haven't seen any evidence to suggest Mr O made numerous calls to UKI chasing updates.

UKI accept there were delays in the progression of the claim and I'll come back to this point below. I'm pleased to see the delays haven't had a detrimental effect on the claim itself. UKI have referred the matter to its legal representatives who are taking the relevant steps.

I have reviewed the documents provided by both sides. I can see that UKI contacted the third party to dispute liability for the claim, and when the third party came back to offer 50/50, UKI rejected that offer. I can also see there were periods where there was no progression of the claim and UKI appeared to be waiting for the third party to issue court proceedings rather than taking a proactive approach. And so I am upholding this part of the complaint.

Effect on future insurance cost

It is important to explain we are not the industry regulator. That means it's not my role to tell an insurer how much it can charge for its policies. And our service generally takes the view that provided it treats people fairly an insurer is entitled to charge what it feels it needs to in order to cover a risk.

Mr O has said he had a previous accident and two non-fault incidents and they would also have had an impact on the cost of his motor insurance. So I can't say this incident alone is the reason its increased.

At the time Mr O arranged his new policy and cover for his driving job the claim was still outstanding. Since he thought the third party was liable he didn't realise it would impact his insurance premium. So he was shocked when he found out that his premium would rise because of the incident. But since UKI hadn't yet recovered its costs from the third party the

incident would likely be recorded as an open claim. So while I understand Mr O is upset by this, its standard practice by insurers and I don't think UKI has done anything wrong here.

Once the claim has settled and liability agreed Mr O will be able to let his insurer know and the premium of his policy should be adjusted accordingly.

Compensation

I appreciate UKI's management of Mr O's claim didn't reach the standard he expected. And I acknowledge that he could have expected better treatment as a UKI customer. But I'm of the view that £500 compensation that I referred to above is fair and reasonable in the circumstances of his complaint. And I can assure Mr O that I have considered his complaint carefully taking all the circumstances into account.

I know Mr O will be disappointed with my decision. UKI has accept the service fell below what would be expected and awarded Mr O £500 to reflect this. I think this is reasonable in the circumstances and in line with what I would have suggested."

Response to my provisional decision

I asked both parties to send me any further evidence or arguments they want me to consider.

UKI agreed with the outcome of my provisional decision. Mr O didn't provide any comments or new information.

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.

In light of the fact that UKI agree with the findings set out in my provisional decision (which I've reproduced here and which forms part of this final decision), I'm satisfied it represents an appropriate way to resolve the dispute. For the reasons set out above I'm upholding Mr O's complaint.

Putting things right

As explained above I'm of the view that £500 compensation that I referred to above is fair and reasonable in the circumstances of his complaint. So UKI should pay this to Mr O less any amount already paid.

My final decision

For the reasons explained above my final decision is that I uphold Mr O's complaint and direct UK Insurance Limited to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 18 December 2023.

Kiran Clair
Ombudsman