

The complaint

Ms C and Mr E have complained about U K Insurance Limited (UKI). They are not happy about the way it recorded claims under their motor insurance policy.

What happened

Ms C and Mr E made claims under their motor insurance policy. And feel the claims were recorded incorrectly as fault claims. So, they complained to UKI about this.

UKI looked into Ms C and Mr E's complaint and partly upheld it. It explained the claims were recorded correctly but it offered £100 by way of compensation as it had provided some poor service. As Ms C and Mr E remained unhappy they complained to this Service.

Our investigator looked into things for Ms C and Mr E but didn't uphold their complaint. She thought UKI had recorded the claims reasonably and that its offer of £100 compensation in relation to some poor service and its explanation about how the claims were recorded and their impact on Ms C and Mr E's no claims discount (NCD) was fair.

As Ms C and Mr E didn't agree the matter has been passed to me for review.

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.

I can understand Ms C and Mr E's frustration that they have fault claims marked against them when they don't believe they should be. And it doesn't appear that the way the claims are recorded was explained to them clearly. However, even though I know this will come as a disappointment to Ms C and Mr E, I'm not upholding their complaint. I'll explain why.

Unfortunately, Ms C and Mr E made two claims against their policy and UKI settled both as fault claims. One was when their car was hit by an unidentified third party while parked and as UKI couldn't recover the costs incurred from the third party this was marked as a fault claim. And the other happened when they were reversing out into the street and they struck another vehicle that was already established on the road which UKI decided they would be held at fault for.

In relation to the first claim, even though Ms C and Mr E weren't responsible for the accident it was marked as a fault claim. This was because UKI wasn't able to recover its outlay from a third party, so this is marked as a 'fault claim' within the insurance industry. Had the third party who hit their car been identifiable then UKI would have attempted to recover its outlay from them and so the claim would most likely be then marked as 'non-fault' – as UKI could recover its costs. It is important to remember that marking a claim as fault in this way doesn't mean that Ms C and Mr E were to blame for the incident (as they clearly were not) it just means that UKI couldn't recover its costs which means a claim is marked as 'fault'.

Turning to the second claim, UKI considered the circumstances surrounding the claim and decided Ms C and Mr E would be held at fault. Ms C and Mr E weren't happy about this and say they were told by UKI that they would only be held partly to blame for this incident. But as our investigator has explained it isn't the role of this Service to decide liability, which is a matter for the courts. Although we do look to ensure insurers have acted in a fair and reasonable way.

UKI, like most motor insurers, have a clause in the contract that allows it to take over the settlement of the claim. This gives it the right to decide whether to proceed to court or settle a claim. And court proceedings are uncertain and expensive, so insurers are cautious about going to court. They look to consider the costs involved and the likelihood of success in making these decisions.

But we look to ensure that insurers act fairly in deciding whether to settle matters and make a reasonable assessment of the claim. Based on a clear understanding of the evidence and circumstances surrounding the accident. With this in mind, I have carefully considered how UKI handled Ms C and Mr E's claim.

UKI looked at the circumstances surrounding the accident, especially the account provided by Ms C and Mr E and the account from the third-party driver amongst other things. Having considered all of this UKI accepted liability on their behalf. I know Mr E particularly isn't happy about this and he highlights that he was told by UKI that the claim would be marked on a split liability process.

Although Mr E is frustrated UKI has settled liability at 100% against the policy I must point out that had liability been apportioned on a split 50/50 liability basis, with the third party, there would still be a fault claim on record. In effect his position has not been prejudiced by UKI settling liability at 100% as there would still have been a fault claim recorded against the policy. And so, even if UKI did misinform Mr E about the way the claim would be marked on its systems the impact would be minimal here as there would always have been a fault claim marked against the policy. Ultimately, I think it is extremely unlikely that the other party would have been found totally to blame for the accident if the matter had been considered by a court.

Finally, I can see that UKI has awarded £100 compensation in relation to some poor service including how it explained how all this affected Ms C and Mr E's no claims discount. And I think this feels fair and is in line with the kind of award I would ordinarily make for the poor service identified here.

Given all of this I can't conclude that UKI has acted unreasonably here. I say this as both the claims have been recorded in line with what I would expect to see, and the £100 compensation seems fair in acknowledging any errors UKI made in communicating with Mr E.

My final decision

It follows, for the reasons given above, that I don't uphold this complaint. I'll leave U K Insurance Limited to pay the £100 compensation outlined if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C and Mr E to accept or reject my decision before 11 September 2023.

Colin Keegan
Ombudsman

