

The complaint

Mr D complains about U K Insurance Limited trading as Direct Line (“UKI”) and their decision to accept full liability for a claim made against his motor insurance policy.

What happened

The claim and complaint circumstances are well known to both parties, so I don’t intend to list them chronologically in detail. But to summarise, Mr D held a motor insurance policy, underwritten by UKI, when he was involved in a road traffic accident in May 2023. So, he contacted UKI to notify them of this.

UKI were then contacted by the third-party, who wished to claim on Mr D’s policy. And after considering the accident circumstances, UKI accepted full liability, settling the claim on this basis. But Mr D was unhappy about this, so he raised a complaint.

Mr D didn’t think it was fair for the claim to be recorded as a full fault claim, as the third-party was parked on double yellow lines, near a busy junction, when he reversed into them. And he explained how his policy premiums had increased because of this. So, he wanted this liability decision to be reconsidered.

UKI responded to the complaint and didn’t uphold it. They thought they had acted fairly, and in line with the policy terms and conditions, when accepting full liability and settling the claim on this basis. They explained that Mr D was the vehicle making a manoeuvre, and the way the third-party vehicle was parked wouldn’t impact an insurance liability decision. So, UKI didn’t think they needed to do anything more. Mr D remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They recognise why Mr D felt the liability decision was unfair. But they thought UKI had acted fairly, and in line with the policy terms, when settling the claim as they did. So, they didn’t think UKI needed to do anything further. Mr D didn’t agree, expressing his belief that insurance law relevant to his situation appeared weak, and he wished for it to be changed. So, as Mr D didn’t agree, the complaint has been passed to me for a decision.

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.

Having done so, I’m not upholding the complaint for broadly the same reasons as the investigator. 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.

First, I want to recognise the impact this complaint has had on Mr D. I recognise he feels

strongly about his situation, and I can understand why he feels the liability decision UKI made is an unfair one, considering the third-party was parked on double yellow lines, in a location he felt was dangerous.

But for me to say UKI should do something differently, for example settle the claim in a different way, I first need to be satisfied they've done something wrong in their role as Mr D's insurer. So, I'd need to be satisfied that they failed to act within the terms and conditions of the policy Mr D held when settling the claim as they did. Or, if I think they did act within these, I'd need to be satisfied that UKI acted unfairly in some other way. And in this situation, I don't think that's the case.

I've seen the terms and conditions of the policy Mr D held. And these set out clearly that UKI are entitled to "*take over and carry out negotiation, defence or settlement of any claim in your name, or in the name of any other person covered by this policy*". So, I think UKI were able to settle the claim, and decide on its liability, without the agreement of Mr D. And this is what they've done here. So, I don't think I can say they've failed to act within the policy terms and conditions.

But as I've explained above, I must also be satisfied they acted fairly when doing so. And when thinking about this, I've considered the actions UKI took and compared them to the actions I think another insurer is most likely to have taken, in the same situation.

From the information I've seen, I don't think the accident circumstances were disputed by either Mr D or the third-party. So, I think it was accepted that the third-party vehicle was stationary when Mr D reversed into it.

And it is standard industry approach for the driver of the car making a manoeuvre to be held liable for an accident if a stationary vehicle is involved. This is because the driver making the manoeuvre is expected to take due care and attention when doing so. And it is also standard industry approach that the way in which the stationary vehicle is parked, including where it is parked, isn't expected to be a factor when making an insurance liability decision. This is again because the driver attempting the manoeuvre is expected to have ensured they are aware of their surroundings, and whether it's safe to continue with the manoeuvre they are attempting.

So, because of the above, considering the accident circumstances and standard industry approach, I think it's most likely that another insurer would've made the same liability decision. And because of this, I don't think I can say UKI have acted unfairly when settling the claim in this way. So, I don't think they need to do anything more on this occasion.

I understand this isn't the outcome Mr D was hoping for. And I appreciate his intended outcome for his complaint was to challenge insurance law, and standard industry approach to circumstances similar to the one he's found himself in. But I must make it clear our service isn't able to comment on, or direct changes, to insurance law. This would be the role of the industry regulator, the Financial Conduct Authority, to consider. It is our service's role to consider each complaint on its individual merits and circumstances, considering the relevant regulations and approaches. And this is what I've done here.

My final decision

For the reasons outlined above, I don't uphold Mr D's complaint about U K Insurance Limited trading as Direct Line.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 3 April 2024.

Josh Haskey
Ombudsman