

The complaint

Mrs U is unhappy with the service she got from U K Insurance Limited ('UKI') which led her to make a claim on her motor insurance policy after an accident.

What happened

Mrs U told UKI that another driver had driven into her stationary car and left the scene immediately. She went to a police station to report him for dangerous driving and failing to stop. The other driver then arrived to report the accident. After speaking to the police, he said he accepted full liability for it. On 31 August 2022 UKI told Mrs U that the other driver's insurer had formally accepted liability. On that basis, she decided to have her car repaired. UKI didn't tell her until 14 December 2022 that the other insurer had decided to dispute liability on 1 September 2022.

In response to her complaint about that, UKI apologised and offered Mrs U £250 compensation, which she rejected. She thought her no claims bonus ('NCD') had been affected due to UKI's mishandling of the situation. UKI continued to dispute liability and it told Mrs U in March 2023 that it had contacted the police for information. Mrs U said she would have done that in September 2022. She also said she wouldn't have had the repairs done had liability been in question. UKI told us later that the other driver's insurer wanted liability for the accident to be split, but as UKI hadn't agreed to that, the dispute continued.

One of our investigators reviewed Mrs U's complaint. He noted that she'd only gone ahead with a claim and repairs on the basis that the other driver had accepted full liability. But he pointed out that the other driver could have said Mrs U was at fault at any point, even if she hadn't made a claim. That would still have affected her NCD until liability was resolved in her favour. Mrs U said she'd agreed to the repairs based on false information from UKI. She said that was fraud and should be investigated.

As there was no agreement, the complaint was 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 see why Mrs U is unhappy about UKI not checking that the other insurer hadn't changed its stance before December 2022. I think there was always a chance that might happen – although as the other driver had admitted full responsibility for the accident to two police officers, it seemed unlikely. In my opinion, as UKI didn't advise Mrs U about all the possibilities from the outset, its service was lacking. But I don't think she's shown it gave her false information or deliberately tried to mislead her. When it conveyed the other insurer's stance to her, that information was accurate and wasn't likely to change.

Had Mrs U been told there was a chance the other driver / insurer might say she was partly at fault for the accident at some point, she may well not have made a claim. But had she not done so, I don't think the outcome would have been any better for her. As soon as liability

was disputed, Mrs U's policy would have been affected. No doubt UKI would still have argued that she wasn't at fault. But whilst the dispute continued (and in line with standard industry practice) the claim would have been open and marked as a 'fault' claim against both drivers' policies. So Mrs U's NCD would have been affected anyway – and her car wouldn't have been repaired in the meantime.

UKI contacted the police in January 2023 for any evidence that might support Mrs U's case. I know she's upset about that not being done earlier - and I think it was appropriate for UKI to offer her compensation, as the dispute's resolution has been delayed as a result. Mrs U doesn't think the amount of compensation offered is sufficient. But I think it's enough to reflect the fact that UKI's poor service has caused her disappointment and frustration. Had UKI not offered her £250, I would have required it to pay her a similar sum for distress and inconvenience. I know Mrs U will be unhappy with my decision, but I don't think she's shown that there's a sound basis for me to require UKI to pay her more.

When the liability dispute is concluded, if it's decided in her favour Mrs U's NCD will be restored. If she isn't happy with the process or the outcome, and she thinks UKI hasn't acted fairly or reasonably, Mrs U can make a new complaint to UKI about that. If necessary, she can then also make a further complaint to us.

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 Mrs U to accept or reject my decision before 31 October 2023.

Susan Ewins
Ombudsman