

The complaint

Miss A complains that Skyfire Insurance Company Limited (Skyfire) unfairly held her responsible for a claim made by a third-party, which has increased her premiums, under her motor insurance policy.

What happened

In July 2022 Miss A says Skyfire contacted her about a claim a third-party had made against her policy. She told it she hadn't been involved in an accident. She provided photos of her car when requested to by Skyfire. She says the company didn't contact her about the photos and didn't send anyone to inspect her car.

When Miss A's policy was due for renewal, Skyfire told her it had refused cover as her car is at a high risk of theft. She says she obtained insurance elsewhere declaring her three years no-claims discount. Miss A's premium cost £98.02 per month with the new provider. This was later increased to £164.07 per month when it was discovered that Skyfire had reduced her no-claims to zero.

Miss A doesn't think this is fair. She wants Skyfire to reinstate her no-claims and to refund her for the additional cost of insurance.

In its final complaint response Skyfire says it received supporting information from the third-party's insurer on 30 June 2022. It then contacted Miss A asking her for evidence. Skyfire contacted Miss A by phone on 9 July asking her to sign a 'statement of truth'. It said it could then dispute the third party's claim through court proceedings. It didn't receive a response and settled the claim accepting fault liability in July.

Skyfire says that based on the evidence presented and without a statement of truth from Miss A it had no option but to settle the claim as it did.

Miss A didn't think this was fair and referred the matter to our service. Our investigator didn't uphold her complaint. He says Skyfire is able to settle a claim as it deems fit under its policy terms and conditions. As Miss A didn't provide a statement of truth, he thought Skyfire had behaved reasonably in settling the claim as it had. Our investigator says Miss A doesn't have a protected no-claims policy. This means Skyfire correctly reduced her no-claims to zero due to the fault claim.

Miss A disagreed with this outcome and asked for an ombudsman to consider her claim.

It has been passed to me to decide.

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 this complaint. Let me explain.

I've read Miss A's policy terms. This explains how Skyfire will deal with any claims that are made against her policy. The terms under "*Section 11 General Conditions*" say:

"Your insurer is entitled to:

- defend or settle any claim on your behalf;*
- take legal action over any claim in your name or the name of any person insured on the policy for their own benefit;*
- admit negligence for any accident or claim on your behalf;*
- share information with others involved with the accident or claim; and*
- take from the claim settlement amount any amount you owe under the related credit agreement (if this applies)."*

This is a common term found in most motor insurance policies. It essentially means Skyfire can decide how to deal with a claim. It doesn't need Miss A's permission or agreement in order to do this. We don't think this is unfair. Ultimately Skyfire is responsible for paying any claim where Miss A is fully or partially at fault. It's reasonable that it should act to minimise these costs. That said, this doesn't mean it can do whatever it wants. It must still treat Miss A fairly.

I can see from the claim records that Skyfire refers to the photos it received from the third-party. And that these show Miss A at the scene of the accident along the damage to the third party's vehicle. The records say the third party exchanged details with Miss A at the scene. Skyfire contacted Miss A to inform her about the claim and to ask for information. I've looked at the photos she sent in. Skyfire refers to a mark on the front number plate and on the front bumper. I can see these marks on the photos provided.

I can see a call record from 10 June 2022 when Skyfire contacted Miss A to discuss the claim. This is when it asked for photos of her car. It sent an email the same day confirming further information would be requested from the third-party's insurer. Following its investigation Skyfire advised it would proceed to settle with Miss A at fault. She disputed this approach. In response Skyfire asked if she would agree to sign a legal document to confirm she wasn't involved in this incident. I understand this is the 'statement of truth' document mentioned earlier. This request was made twice in writing to Miss A. I can't see that she agreed to comply with this request.

Skyfire says that it had no option but to settle the claim as Miss A didn't provide the agreement it needed to pursue the claim in court. Based on the evidence it received, and in the absence of Miss A signing a legal statement to say she wasn't involved in the accident, I don't think Skyfire behaved unreasonably in settling the claim as it did.

It's not clear why Miss A didn't agree to sign the legal document. But I'm satisfied the need for this was made clear to her on several occasions. I note Miss A hasn't commented on this in her complaint correspondence to Skyfire or in her submissions to our service. But it's apparent this is why Skyfire was unable to dispute the third-party's claim.

I've thought about Miss A's argument that she's been the subject of a scam. She says that she has previously stopped on the road where the incident is said to have occurred. This is when paperwork has blown out of her car window, and she's had to stop to pick it up. In addition, she says a young man once queried if she was selling her car. Miss A says she stopped in order to talk to him.

I don't dispute what Miss A says, but she didn't cooperate with Skyfire to allow it to dispute the claim further. It's not my role to determine who's at fault here or how the claim should be settled, my focus is on whether Skyfire has treated Miss A fairly. Based on what I've read I

think it did.

I've also thought about Miss A's comments that Skyfire declined to offer her a renewal policy. I've seen the information it provided from its underwriters. This is commercially sensitive, so I can't share. But I'm satisfied from this that Skyfire applied its underwriting criteria correctly. This means Miss A hasn't been treated any differently from another customer. So, I don't think Skyfire's decision not to offer a renewal policy was unfair.

Miss A didn't have a protected no-claims policy. Her policy terms explain that this will mean losing periods of her no-claims discount as a result of a claim. Based on this, I don't think Skyfire treated Miss A unfairly.

In summary, Miss A didn't provide the statement Skyfire needed to dispute her claim further. So, I think it behaved reasonably when relying on its policy terms and settling the claim as it did. This was based on the evidence it had available. In light of this I can't fairly ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 16 October 2023.

Mike Waldron
Ombudsman