

The complaint

Mr S complains MCE Insurance Company Limited haven't handled a motorcycle insurance claim properly.

A representative has helped Mr S bring this complaint, but for simplicity I've just referred to him in this decision.

What happened

In November 2018 Mr S was unfortunately involved in an accident on his motorbike. In January 2019 Mr S made a claim to MCE, but as there was no reply from the other insurer, the claim was shut down. In July 2019, and again in June 2020, Mr S received letters from the other insurer which said MCE weren't replying to them – and in the 2020 letter Mr S was threatened with court action.

Mr S complained both times, and in the first complaint received £150 which he accepted. This decision deals with the June 2020 issue – but I've provided some detail of events before then for context.

MCE said Mr S was involved in an incident on 23 November 2018, and four days later got in touch with him. They said he recorded he didn't want to claim for damages to his motorbike but had suffered injuries. MCE said they referred Mr S to another company to potentially help him in claiming for his injuries in December 2018 – and hadn't received contact from the other insurer so weren't at that time handling a claim for him.

They said the next update was in June 2019 to say Mr S was no longer pursuing an injury claim – but then received a claim from the other insurer to ask for payment of repair and hire costs. In November 2019 MCE denied liability to the other insurer. Between then and June 2020 Mr S was asking for an update.

In June 2020 MCE said they received contact saying the other insurer was proposing a 50 / 50 split on liability – which Mr S was asked about but didn't accept. In July 2020 the other insurer said they'd deal with Mr S's claim on a 'without prejudice' basis. MCE told the other insurer no costs had been provided, but they'd forward them on if there were any.

MCE accepted Mr S's frustrations about the claim being reopened after it'd been closed – but explained if the other insurer comes forward at a later date then they have an obligation under the Road Traffic Act to deal with the claim. They also said, in their letter dated 19 August 2020 that, to date, the other insurer hadn't accepted liability. And, if they didn't, then MCE would continue to dispute liability on Mr S's behalf. They accepted Mr S had asked for numerous call backs which weren't completed, and that they'd not kept him updated on the subject of the claim. So, they offered him £150 for this.

Mr S has said he's not accepted the £150 as a fair amount given the repeated issue, and because he was put at risk of being taken to court. So, he asked us to look into things – explaining he was unhappy as well with MCE saying in their response letter they'd forward on costs, but then refused to do so. Mr S also let us know he'd become aware in

January 2021 the other insurer had accepted liability, something he said MCE hadn't told him.

Our investigator considered things, and overall, she felt £150 was a fair amount of compensation. She found MCE hadn't been given long to reply by the other insurer before they issued the letter in June 2020, MCE were only defending Mr S's claim as he didn't want to claim on his policy – so they didn't do anything wrong by saying they wouldn't forward on costs, although she did accept the wording in their response to Mr S's complaint was unhelpful. She noted Mr S had since got his costs back from the other insurer – so she was satisfied he wasn't out of pocket as a result of MCE's communication. She did though agree MCE had failed to provide Mr S with a good service – by not updating him on contact from the other insurer, and by not replying to his requests for a call back. But she felt the £150 awarded by MCE in their complaint response was fair.

Mr S felt because this was the second time it was logical to receive more compensation. And he added that MCE's poor communication meant he was potentially on the receiving end of an unfair liability claim – which was ultimately settled in his favour.

Our investigator explained MCE had the right to defend the claim being made by the other insurer however they saw fit – and she was satisfied they'd listened to what Mr S said. She felt communication was at the heart of the problems in this complaint – and had MCE not awarded £150 then she'd have done so.

Mr S said further problems had happened as a result of the letter in August 2020, and these hadn't been addressed.

Our investigator reminded Mr S we could only look into the issues MCE had the chance to investigate first – anything else would need to be a new complaint, so she couldn't consider those points. But Mr S overall still didn't think the £150 compensation was fair – so the complaint's 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.

Mr S's key issue is the communication from MCE – and they've accepted that the communication was poor and awarded £150 compensation. So, the key question for me to answer in this case is whether I think that's enough. And, while I understand Mr S will be disappointed, I think it is.

It's common in motor insurance policies that insurers retain the right to settle the claim the way they see fit. Here, that's what I think MCE have done in their communication with the other insurer. I can see the claim has been going on for a long time, but I can also see there's been quite big gaps where MCE hadn't received anything from the other insurer. So, I can't reasonably hold them responsible for that.

In relation to the claim Mr S wasn't claiming on his insurance policy with MCE – that means MCE's actions were simply to defend the claim being made. I can see MCE were contacted by the other insurer about liability being settled in an 80 / 20 favour of the other party – and then later it was suggested liability should be settled on a 50 / 50 basis – both times they told the other insurer this was being disputed. So, I think MCE have listened to Mr S's wishes in terms of how the claim should be settled.

I'm aware the June 2020 letter threatening court action was very unwelcome – particularly in view of the other insurer saying they'd been trying to speak to MCE but they weren't replying. Given Mr S's experience at this point, which was mirrored with MCE regularly not returning calls, I can see why he would have placed the blame with MCE. But I don't think they were given a reasonable amount of time to respond to the other insurer – so, again, I can't hold MCE responsible for the other insurer getting in touch with Mr S and threatening court action.

I can though see several occasions where Mr S has asked to be contacted by MCE and they've failed to do so. I think this will have led to distress for him, given he had to repeatedly contact them for updates. As I've said above, MCE acknowledged this and paid him £150 – which I do think is fair in all the circumstances. I can understand why Mr S would argue that this is the second time he's had to complain, and it's been upheld, so logically it should be more. But I'm looking at what's happened in this complaint only – and I do think £150 is fair.

I note Mr S has mentioned a number of issues that have happened after the date of the letter issued by MEC on 19 August 2020. The rules under which our service has to operate means financial businesses like MCE have to be given the opportunity to investigate a complaint before we can get involved. So, I won't comment further on any issues that happened after – such as MCE not telling Mr S the other insurer was no longer disputing liability, which he found out about in January 2021.

My final decision

MCE Insurance Company Limited have already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that MCE Insurance Company Limited should pay £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 September 2021.

Jon Pearce

Ombudsman