

## **The complaint**

Mrs T and Mr T complains about how their insurer, One Insurance Limited (One), handled a claim under their motor insurance policy.

Any reference to One in this decision includes their agents.

## **What happened**

In July 2022, Mrs T and Mr T had an accident in which their vehicle was hit from behind by a motorcycle. Due to the injuries sustained by the third party, Mrs T and Mr T weren't able to obtain their insurance details. They contacted One to tell them about the accident and lodge a claim. One appointed an engineer to inspect the vehicle and assess the damage. Based on their inspection, the engineer concluded the vehicle was a total loss.

One subsequently made a settlement to the finance provider for the outstanding finance on the vehicle. The balance of the settlement, which was based on the Pre Accident Value (PAV) of the vehicle, was then paid to Mrs T and Mr T.

One said they received confirmation from the third party insurer that the third party (the motorcycle rider) didn't have insurance cover (an active policy) at the time of the accident. So, the claim would have to be made through the Motor Insurance Bureau (MIB) to recover the cost of the claim. This also meant the claim would have to be made in the first instance through Mrs T and Mr T's policy (and then through to the MIB). As such, Mrs T and Mr T had to pay the excess under their policy (£550) which in turn One would seek to recover through the MIB. The excess was deducted from the settlement value.

However, Mrs T and Mr T said they were told – by the third party insurer through the MIB and then the police - the third party did have insurance cover at the time of the accident. So, they wanted the excess refunded. As they were not planning to replace the vehicle, they also wanted a refund of the balance of premiums they'd paid under the policy.

Unhappy at the time being taken by One to consider the issue of refunding the excess payment and balance of premiums, given they'd provided evidence from the MIB and police the third party was insured, Mrs T and Mr T complained to One.

One didn't uphold the complaint. In their final response, One noted the circumstances of the accident and that as they'd been told the third party didn't have insurance cover at the time of the accident, they'd have to assess the claim under Mrs T and Mr T's policy in the first instance, then seek to recover the claim costs through the MIB. One apologised for the stress Mrs T and Mr T had suffered but didn't think they'd acted incorrectly.

Mrs T and Mr T then complained to this Service. They'd told One the motorcycle rider did have valid insurance, but they hadn't received the £550 excess deducted from their claim settlement. They'd asked for a refund on their policy premium as their vehicle wasn't being replaced, but One had told them as there wasn't a third party insurer against which to reclaim the costs of the claim, it would have to be made against Mrs T and Mr T's policy. They wanted One to refund the £550 excess and refund the remainder of their premium.

They also wanted an acknowledgment of the stress they'd suffered from the incident and how One had handled the claim.

Our investigator initially didn't uphold the complaint, concluding One didn't need to take any action. On the issue of refunding Mrs T and Mr T the excess deducted under the policy and the balance of premiums, the investigator thought this depended on whether One could recover the costs from the third party insurer. While Mrs T and Mr T had provided evidence from the police and MIB the third party was insured, One had provided evidence the third party insurer told them there was no active policy at the time of the accident and so couldn't accept a claim. So, One had acted fairly by pursuing the claim through the MIB. But the claim was still open, and should they be able to recover the costs of the claim, they would consider refunding Mrs T and Mr T any costs due back to them under the terms of the policy.

Mrs T and Mr T challenged the investigator's initial view, referring to the information they'd received at the time of the accident from the police indicating the third party was insured. They contacted One and were told One used the wrong registration for the motorcycle that collided with their vehicle. So, One would reopen the claim and pursue matters.

Given the new information, our investigator issued a second view upholding the complaint, concluding One hadn't acted fairly. Mrs T and Mr T provided evidence to One in October 2022 indicating the third party was insured, including the correct registration of the motorcycle. But One maintained the third party wasn't insured. However, One subsequently accepted it had used an incorrect registration number, which is why they'd been told the third party wasn't insured. Acknowledging its error, One offered £300 compensation to Mrs T and Mr T – but they didn't think it adequately reflected the inconvenience they'd suffered.

One told Mrs T and Mr T in September 2022 the third party didn't have insurance, the point at which the error occurred. But it wasn't until July 2023 that One discovered the error they'd made (only after further challenge from Mrs T and Mr T. So, there was a ten-month delay in pursuing the claim with the third party insurer, meaning a potential consequent delay in Mrs T and Mr T having their claim resolved (and receiving any refunds of costs and/or premium that might be due under the policy). Taking these factors into account, our investigator thought One should pay Mrs T and Mr T £450 in compensation for distress and inconvenience.

As One didn't respond to our investigator's second view, the complaint has been passed to me to 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.

My role here is to decide whether One has acted fairly towards Mrs T and Mr T.

Looking at what happened and the information and evidence available, the key issue in this complaint is the time taken in assessing the claim and establishing the third party had insurance cover at the time of the accident. I recognise Mrs T and Mr T originally complained about the delay in – as they see it – being refunded the policy excess and balance of premiums. However, until the claim is finally settled, including the question of whether One are able to recover the claim costs from (as it now turns out) the third party insurer, this aspect cannot be resolved. So, this decision doesn't cover this aspect.

Coming back to the issue of the delays from One saying they were told the third party didn't have insurance, before accepting they'd made a mistake with the registration number of the motorcycle. From the sequence of events set out above, the evidence indicates Mrs T and

Mr T made One aware of what they've been told by the police (the third party insurer and the MIB) as early as October 2022, including the correct registration of the motorcycle. While One were told the third party wasn't insured, this was because they used the wrong registration. While I recognise mistakes can be made, it isn't clear why the mistake wasn't identified much earlier than it subsequently was.

Taking these points together, I've concluded there was a significant, avoidable delay in One accepting the third party was insured and then pursuing recovery of costs under the claim (notwithstanding what I understand is the third party insurer disputing liability). As opposed to pursuing costs through the MIB.

I think this delay would have meant substantial distress and inconvenience to Mrs T and Mr T, particularly given their having to raise the issues with One and – from what I've seen – challenging them and leading to One accepting they'd made a mistake. So, I've concluded One haven't acted fairly or reasonably.

Looking at the circumstances of the case and the guidelines we operate to as a service, then I've concluded £450 in compensation for inconvenience would be fair and reasonable.

### **My final decision**

For the reasons set out above, my final decision is that I uphold Mrs T and Mr T's complaint. I require One Insurance Limited to:

- Pay Mrs T and Mr T £450 compensation for distress and inconvenience.

One Insurance Limited must pay the compensation within 28 days of the date on which we tell them Mrs T and Mr T accept my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 19 December 2023.

Paul King  
**Ombudsman**