

## **The complaint**

Mr S has complained that Advantage Insurance Company Limited didn't properly investigate a claim he made under his car insurance policy. He's unhappy that the claim was settled with the costs being unrecovered from a third party, and the impact the claim had on his premium at renewal.

## **What happened**

In March 2022 Mr S's car was hit by another car. A witness gave Mr S details of the car involved. Mr S made a claim for the damage to his car to his insurer, Advantage.

Advantage contacted the last insurer of the other car. They provided Advantage with information to show that shortly before the incident, their insured customer had sold the car to somebody else.

Advantage contacted the new owner a number of times, but didn't receive a response. In August 2022 Advantage made the decision to close the claim as 'non recoverable' as it wasn't able to recover the costs of Mr S's claim from a third party.

As the car didn't show as being insured at the time of the incident, Advantage kept its 'uninsured driver promise.' This meant the incident didn't impact Mr S's No Claims Discount (NCD) and he didn't have to pay an excess.

Mr S's policy was due for renewal in August 2023. He contacted Advantage as he was unhappy with the premium increase – and he was unhappy that Advantage hadn't recovered the costs of the claim from a third party.

Advantage didn't uphold Mr S's complaint. It said it couldn't identify the driver at the time of the incident. It had made attempts to contact the possible driver with the information provided. As there was no insurance in place at the time of the incident, it couldn't pursue a claim through a third party insurer. It said as it couldn't litigate the driver, it had no option but to close the claim without being able to recover the costs.

Our Investigator thought Advantage had acted reasonably and in line with the policy.

Mr S didn't agree and wants an ombudsman to decide. He says Advantage didn't tell him in August 2022 when it closed the claim. He says if it had, he could have made his own enquiries and contacted the police. Because it didn't let him know about the outcome of the claim until August 2023, Mr S says it was too late for him to be able to do anything.

Our Investigator sent Mr S a copy of a letter Advantage sent to Mr S in August 2022 explaining its decision to close the claim and how this would affect his NCD and future premiums.

Mr S hasn't provided any further comments, so the case 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.

We don't decide liability as this is the role of the courts. But we can look at whether an insurer reached its decision reasonably and in line with the policy.

Mr S's policy with Advantage has a term most – if not all insurers – include in their wording. Advantage says it can settle a claim in Mr S's name by taking over the control, defence and settlement of it. This means Advantage may make a decision Mr S doesn't agree with, but the policy allows it.

We don't disagree with this term in principle, provided an insurer can show it treated a customer fairly when applying it. So I've looked at whether Advantage properly investigated the claim before reaching its decision.

In line with the motor insurance industry, claims are settled depending on whether the costs of the claim are recoverable or not. These claims can also be referred to as 'fault' or 'non fault' but this doesn't always mean a customer is at fault. Advantage, like many insurers, has agreed to record all claims accurately on a central database which insurers use to check a customer's claims history and to help prevent fraud.

In this case, Advantage contacted the last known insurer for the car – details of which were provided by a witness to Mr S. But Advantage received information to show that a couple of days before the incident, the last insurer's customer had sold their car to somebody else. Details of the buyer were provided to Advantage – and so it contacted the new owner by letter three times, and called the number given. But it didn't receive a response.

As Advantage couldn't confirm the identity of the driver at the time of the incident, and it couldn't evidence a collision with the other driver took place, it said it couldn't pursue them with the information it held.

Mr S says that if Advantage had told him in August 2022 how it intended to settle the claim, he would have had the opportunity to make further enquiries. However, in an email dated 12 August 2022 to Mr S (which the Investigator has also provided a copy to Mr S) Advantage clearly set out its attempts to establish the identity of the third party driver. And despite its attempts to contact the new owner of the car, it had been unsuccessful. Advantage explained how it would settle the claim, that there would be no impact on Mr S's NCD, but that it took all claims into consideration at renewal.

Due to Data Protection law, Advantage couldn't provide Mr S with contact details of the new owner of the other car. I understand Police were not contacted at the time of the incident.

I understand Mr S doesn't agree with the way Advantage settled the claim. But taking into account the information available to it, I think it properly investigated the claim and reached its decision reasonably and in line with the policy. So I'm not asking it to do any more.

### **My final decision**

I'm sorry to disappoint Mr S. But for the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 April 2024.

Geraldine Newbold  
**Ombudsman**