

The complaint

Mrs A has complained that Covea Insurance plc failed to properly investigate a claim she made under her car insurance policy. She's unhappy it settled the claim as a fault claim.

What happened

Mrs A made a claim for damage to her car caused by a warning sign put out in front of her car by the police while she was parked. Due to the location, Mrs A said she was directed by the police officer to steer around the sign, but as she drove, the sign damaged her car.

Mrs A reported the incident to Covea. Covea said it would deal with the claim as a fault claim. It arranged for Mrs A's car to be repaired.

Mrs A was unhappy with the increase in premium at renewal and didn't agree with Covea's decision to settle the claim as a fault claim. She subsequently contacted the police directly, who admitted their officer had "failed to act diligently" and offered to reimburse Mrs A for some of her losses.

The offer from the police to Mrs A, which she accepted, was in full and final settlement of her claim.

Mrs A provided Covea with a copy of her communication with the police and complained that Covea hadn't contacted the police to investigate liability at the time.

Covea didn't uphold Mrs A's complaint. It said as Mrs A accepted an offer in full and final settlement from the police, it had correctly settled the claim as it couldn't look to recover any claim costs.

Our Investigator recommended the complaint should be upheld. He explained that although we don't decide liability, we expect an insurer to show it properly investigated a claim. In this case, Covea made no attempt to contact the police despite the circumstances of the incident which Mrs A explained from the outset.

The Investigator recommended Covea reopen the claim and contact the police to make reasonable attempts to recover its claim costs. If successful, Covea should change the claim status to 'non-fault' and provide written confirmation of that to Mrs A. Mrs A could then ask her subsequent insurer to re-rate her policy and she may be eligible for a refund from that insurer.

Only once Covea had made reasonable attempts to recover their outlay, and if unsuccessful, they can then treat it as a fault claim.

Mrs A said when Covea provided proof of her no claims bonus (NCB) following the cancellation of the policy, it was lower than she expected. The Investigator asked Covea to look into Mrs A's NCB entitlement and provide an explanation to her, as the years had been reduced despite having protected it. If her NCB was incorrectly reduced, the Investigator recommended Covea provide Mrs A with written confirmation of her correct NCB entitlement.

Covea didn't agree. It said it advised Mrs A correctly. As she had accepted a claim from the police in full and final settlement, it cannot now look to recover its claim costs from them.

Covea said Mrs A contacted the third party without its knowledge and outside of the policy terms.

Our Investigator pointed out that Mrs A did this after Covea told her it would settle the claim as a fault claim, which Mrs A didn't agree with. The offer from the police was over three months after Covea made its decision without investigating the claim.

Covea then said that the circumstances of the incident meant Mrs A was at fault – as she was aware of the weighted signs because she was being guided around them by one of the community officers, but failed to make sure the area around her was clear. So Covea remains of the view that its decision was correct to deal with the claim as a fault claim.

I issued a provisional decision on 20 June 2024. I intended to uphold the complaint, but with a different remedy. As Mrs A had accepted a full and final settlement from the 'at fault' party, I said I couldn't ask Covea to look to recover its claim costs from them. But I thought Covea hadn't acted reasonably by making no attempts to contact the police. So I intended to ask Covea to change the recording of the claim to 'non fault' and update Mrs A's NCB to reflect this. I intended to ask Covea to pay Mrs A £150 compensation for the distress and inconvenience caused.

Both parties accepted my provisional decision. So the case has been passed back to me for a final decision.

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.

As both parties accept my provisional decision, my final decision is on the same lines.

As the Investigator explained, we don't decide liability as this is the role of the courts. But we can look at whether an insurer properly investigated a claim and reached its decision reasonably and in line with the policy.

Covea, like most if not all insurers, has the right to take over the defence and settlement of a claim in Mrs A's name. We don't disagree with this term in principle, provided an insurer can show it treated its customer fairly when doing so.

In this case, Covea reached a decision to treat the claim as a fault claim. But in light of the circumstances of the incident, and the details provided by Mrs A, I don't think Covea has treated her fairly.

While I don't necessarily think Covea's initial assessment on liability was wrong, I think Covea should have made attempts to contact the police. And had it done so, I think it's more likely than not Covea would have reached a different outcome, as we know the police accept they failed to act diligently and settled Mrs A's claim directly with her.

As it made no attempt to investigate the claim beyond the initial description provided by Mrs A, I disagree with Covea that Mrs A went on to act incorrectly by contacting the police directly. Covea as the insurer deals with claims all the time, so the knowledge and experience of doing so is heavily weighted in the insurer's favour over a consumer. The fact is Covea had reached its decision without making any contact with the third party involved

and closed the matter.

But I agree with Covea that as Mrs A went on to make a claim to the police, and that claim has already been agreed in full and final settlement, then it isn't possible to recover Covea's outlay. Under Covea's policy, Mrs A subrogated her rights when dealing with a claim to the insurer. So Covea isn't able to recover its costs now due to subrogated rights. In other words, it cannot look to recover costs for Mrs A's claim as Mrs A has already accepted a settlement for her claim from the same party as 'full and final.'

However, although, Covea is no longer able to recover its own outlay, I'm of the view that Mrs A's position was prejudiced by Covea's failure to investigate the claim at the outset. So I think a fairer outcome is for Covea to change the recording of the incident to non-fault and ensure that Mrs A's NCB reflects the change.

Putting things right

I think Covea has treated Mrs A unfairly and I think it should pay her £150 compensation for the distress and inconvenience its decision caused her. It's clear that Covea's decision led to Mrs A having to spend considerable time making contact with the third party and with Covea to try and put things right.

My final decision

My final decision is that I uphold this complaint. I require Covea Insurance plc to do the following:

- Record the incident on any internal and external databases as a non-fault incident.
- Ensure Mrs A's NCB entitlement reflects this change and provide written confirmation to her.
- Pay Mrs A £150 compensation for the distress and inconvenience caused.

Covea Insurance plc must pay the compensation within 28 days of the date on which we tell it Mrs A accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 1 August 2024.

Geraldine Newbold
Ombudsman