

The complaint

Mr J complains about the way UK Insurance Limited trading as Privilege (“UKI”) handled a claim he made on his motor insurance policy.

What happened

In summer 2023, whilst Mr J was driving his car, he was involved in a collision with a third party (TP). Mr J says the police told him the TP had been arrested for driving without a valid driver’s license, amongst other things.

Mr J made a claim on his UKI policy, which it accepted. Mr J’s car was a total loss and UKI paid the pre-accident market value of the vehicle. However, shortly after this, Mr J complained about how the claim was being handled. He wasn’t happy with the communication he’d received from UKI. He was also unhappy that his excess of £650 hadn’t been reimbursed under UKI’s ‘*uninsured driver promise*’, and that it hadn’t reinstated his no claims discount (NCD) under the same promise. He said as the driver didn’t have a valid driving license, he was uninsured, so UKI should be settling matters.

On 10 October 2023 UKI issued a complaint final response letter (FRL). It accepted there had been some poor communication and delays in progressing matters and offered £250 compensation to apologise for the impact of that. But it said investigations were ongoing with the TP, and it couldn’t invoke the uninsured driver promise, or refund the excess, until that was concluded.

Unsatisfied with UKI’s response, Mr J brought his complaint to the Financial Ombudsman Service for an independent review. Having done so, UKI reviewed its position. It maintained it hadn’t received the conformation it needed about the TP’s insurance status to conclude the claim. But it said in view of its poor handling, it would offer a further £200 compensation, making the total £450.

Our investigator thought UKI’s offer of compensation was reasonable in the circumstances. She didn’t think she could recommend UKI refund Mr J his excess or reinstate his NCD because investigations were still ongoing. She noted a news articles provided by Mr J, which he said showed the TP had been arrested for driving without a license, and therefore had no valid insurance. But she didn’t think it could be shown the person referred to in that article was the same TP as had been involved in the collision with Mr J. She also didn’t think UKI should rely solely on that article to reimburse Mr J his excess and NCD.

Mr J didn’t accept that outcome. He said the TP had admitted falling asleep at the wheel and crashing into his car and he’d been prosecuted for it, so UKI should have concluded matters already.

As the matter wasn’t resolved, it has come to me to decide.

After the complaint was referred for an Ombudsman’s decision, Mr J said UKI had told him the matter would be going to court with the TP insurer.

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.

I'm aware this is an ongoing matter, but I want to set out to Mr J that I'm only considering matters up to UKI's FRL of 10 October 2023. Mr J says matters have moved on and UKI has instructed solicitors to take matters to court. I haven't been provided anything from UKI from beyond October 2023 to look into that. If Mr J would like to make a further complaint about matters from October 2023, this Service can look into it once UKI has had the opportunity to provide a response.

What is clear is that UKI didn't handle matters well from between when the claim was made, until the FRL. It accepts it didn't request a police report as quickly as it should have, and then didn't do it properly, meaning it had to be requested again at the end of September 2023. It also accepts it wasn't clear with Mr J about what was happening, and he had to chase it for updates. So I'm pleased to see UKI has recognised its failings and made, what I consider to be, a fair award of compensation of a total of £450. I think this fairly reflects the impact of its mistakes.

I understand Mr J has been distressed by matters, he said the TP drove away from the scene and it's been a stressful time. Whilst I understand that would be the case, I can only award compensation for the impact of UKI's mistakes, not for any distress and inconvenience suffered by the accident itself, as that isn't the fault of UKI.

I understand what Mr J really wants to conclude matters is for his excess to be reimbursed, and his NCD reinstated. However, I can't say that, up until 10 October 2023, UKI had been unreasonable in not carrying out those actions for Mr J.

The terms of Mr J's policy say that he'll sometimes have to pay the excess whilst UKI are looking into a claim. This suggests it does have some discretion over whether to charge the excess or not, and sometimes it won't. So I've considered whether it acted fairly in charging the excess on this occasion, on balance I find it did.

Mr J says he was told by police that the driver had been arrested and he didn't have a full driving license. But Mr J didn't have anything from the police to confirm that, so UKI did need to request the police report to have this reviewed. And when UKI looked up the TP's vehicle on the motor insurance database, it found the vehicle was insured. So it needed to contact the insurer of the vehicle to make enquiries as to who was driving it at the time of the accident. From UKI's file it says the TP insurer didn't accept liability, so further enquiries needed to be made. So whilst I understand Mr J was keen to have matters wrapped up, I don't think UKI acted unreasonably in not agreeing to refund the excess by October 2023.

UKI's policy has a specific section for the 'uninsured driver promise'. This also says the excess may be temporarily payable and if you renew during this time, you may temporarily lose your NCD. But the terms say that once UKI confirms that the accident was the fault of the uninsured driver, the excess will be repaid, the NCD will be reinstated and UKI would refund any extra premium paid solely as a result of that claim. I consider this to be reasonable. And as set out above, given what UKI found and the response from the TP insurer, I don't think it was unreasonable in not reinstating the NCD by October 2023.

I'm unsure if Mr J took out insurance through UKI for the car he purchased after the accident. If he didn't, then he will still be able to provide proof of his NCD to his new insurer once this claim is concluded. That new insurer then may recalculate his premium. Although I should say that any issues with that would need to be considered separately.

My final decision

My final decision is that I uphold this complaint and I direct UK Insurance Limited trading as Privilege to pay Mr J £450 compensation, less any amount already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 3 October 2024.

Michelle Henderson
Ombudsman