

The complaint

Mr A is unhappy with West Bay Insurance Plc's (West Bay) approach to settling a claim made against his motor insurance policy.

Any references to West Bay include its agents.

What happened

In October 2022, Mr A left his car at a friend's house. His friend arranged to drive the car back to Mr A's home, believing they were insured to drive the car. Unfortunately, on the way back to Mr A's house, his friend was involved in an accident. It transpired Mr A's friend wasn't insured to drive his car.

Mr A reported the accident to his insurance company. Later, Mr A was told West Bay had received a claim from the third-party. Over the next few months there was some correspondence about the claim, with West Bay asking for the contact details for the driver which Mr A provided. West Bay later settled the third-party claim and Mr A said he asked on a number of occasions what payments had been made to settle the claim and how these had been calculated but had no response. Unhappy with the lack of response, Mr A made a complaint in May 2023. He says he didn't receive a response to this either.

In January 2024, West Bay told Mr A he needed to pay them £14,574.67, which is what they'd paid to settle the claim. Mr A said they hadn't responded to his complaint or updated him on the progress of the claim. West Bay paid Mr A £500 in respect of their lack of communication. West Bay said they would contact Mr A's friend, but then came back to Mr A asking for payment.

Unhappy with West Bay's handling of the claim, Mr A asked us to look into what happened. He said it wasn't correct West Bay said he hadn't provided his friend's details and he should have been offered the opportunity to settle the claim privately. Mr A also said he had concerns about the settlement amount, including how this had been calculated and how fair was it for Mr A to pay this amount when West Bay accepted their handling of this matter had been poor.

One of our investigators reviewed Mr A's concerns. She didn't think West Bay had acted incorrectly and were entitled to ask Mr A to repay the amount paid. Mr A didn't agree and said he didn't understand how he could have breached his contract when he'd been assured his friend was suitably insured to drive the car or how, so this matter 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.

There's no dispute about the circumstances that led to the accident, in that an uninsured person drove Mr A's car and was involved in an accident with a third-party. The third-party

went on to make a claim against Mr A's insurance policy. West Bay settled the claim and took steps to recover its outlay.

I can understand Mr A's strength of feeling about the handling of the claim made against West Bay. However, I've reached the same conclusion as the investigator did, and for the same reasons.

I've started by considering if West Bay is entitled to recover the funds it paid to settle the claim, despite Mr A not signing the indemnity form. Under the Road Traffic Act section 151 (2)(b), an insurer is required to meet a third-party judgment against a person driving a car insured by the insurer. West Bay took the decision to settle the claim without the need for a judgement to be issued. My role is to decide if West Bay acted reasonably in pursuing Mr A to recover the funds it paid to settle the claim.

I've considered the breakdown of costs provided by West Bay, with the engineers report setting out extensive damage to the third-party car. The initial amount claimed for was in excess of £23,000 whereas West Bay settled the claim for a reduced amount of £14,574.67. This amount covered an engineer's fee, repairs, and some (but not all) of the hire costs claimed for. I don't see any reason to doubt the documentation which sets out how these costs were initially calculated and then reduced. I'm satisfied West Bay took appropriate steps to mitigate the amount needed to settle the claim.

Mr A says he would have liked to have had the opportunity to settle the claim privately, but he's not explained what steps he would have taken to obtain a lower settlement figure than West Bay achieved. And given the significant reduction was in relation to the hire costs, I'm not persuaded an individual would likely have been able to achieve similar or better reduction by trying to settle the claim directly with the third party.

Mr A questioned why West Bay continued to settle the claim if it considered he had breached his contract. However, West Bay was required under the Road Traffic Act to respond to a third-party claim. Overall, I'm satisfied West Bay acted appropriately by settling the claim. Its correspondence was clear in setting its intention to recover any costs incurred in relation to the claim. And I'm satisfied it is entitled to take steps to recover the settlement of the claim from Mr A.

I can only consider West Bay's actions up until the date of the final response letter, which was issued in January 2024. In the final response letter, West Bay acknowledged they failed to act on the information given to them by Mr A about the driver of the car. It's clear, and accepted by West Bay, this should have been acted on much sooner, and West Bay should have responded to Mr A's complaint when it was made in May 2023.

I understand this situation in itself would have been very stressful for Mr A. However, the long periods of time with a lack of contact or explanation about how the claim was progressing unnecessarily added to this. It's clear Mr A is very concerned about the impact this accident and the handling of the claim might have on a number of areas of his life. West Bay's handling of this claim was poor, and this led to a more detrimental impact on Mr A than he might otherwise have experienced.

I think it's important to say here that despite the poor handling of the claim, this doesn't mean West Bay can't seek to recover the claim costs from Mr A. I'm satisfied the £500 offered sufficiently reflects the poor handling of the claim and the impact this had on Mr A.

My final decision

My final decision is that I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 October 2024.

Emma Hawkins

Ombudsman