

The complaint

Mrs and Mr M complain about how Alwyn Insurance Company Limited chose to settle a claim against their motor insurance policy.

What happened

Mr M was a named driver on Mrs M's insurance policy. He had a minor collision with another vehicle in a supermarket car park. Alwyn received notification of the incident from the third party's insurer which included the claim that the other car had suffered damage to a side panel when Mr M's car had scraped along it. When Mrs M responded to Alwyn's enquiries she said that Mr M was only aware of a small contact between the cars' wing mirrors.

Alwyn arranged an inspection of the car to help it consider the validity of the claim from the third party insurer and concluded that the damage to Mrs and Mr M's car was consistent with the claims being made. It wasn't until later, when renewing their insurance, that Mrs and Mr M discovered that Alwyn had settled the claim with the third party on the basis of Mr M being at fault. They were unhappy with this outcome, arguing that the claimed damage was far greater than they felt was reasonable. They argued that, as a result, the renewal cost for insuring their car had increased substantially and that this was unfair. In fact, they decided not to insure the car due to the high price.

Mrs and Mr M complained to Alwyn about its decision. Alwyn explained that under the terms of the insurance policy it had the right to settle any claim as it saw fit and that, in its opinion, it had handled the claim properly. Unhappy with this outcome, Mrs and Mr M complained to this service. An investigator reviewed the case and concluded that Alwyn had acted appropriately and that Mrs and Mr M had not been treated unfairly. Unhappy with this decision they have asked that I review the case.

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 decision is that I do not uphold this complaint. I believe that Alwyn has not treated Mrs and Mr M unfairly in how it's handled this claim and I will explain my decision below.

I recognise that this experience has been frustrating for Mrs and Mr M. They feel that they haven't been kept properly informed and that the decision made by Alwyn has unfairly impacted them, increasing the price of their insurance now and in the future. Their decision to sell the car, because of the cost to insure, clearly had a major impact on them as Mrs M is registered disabled and so relied heavily on her car. I'm pleased to see that since the dispute began Mrs M has registered under the mobility scheme and has replaced their car. This does not, however, resolve the upset that they feel over how Alwyn dealt with them.

The investigator explained that it is not the role of this service to make decisions about liability for accidents. That is something which the courts decide if cases proceed that far. Mrs M's insurance policy includes, on page 6 of the policy booklet, the provision that;

“We are entitled to conduct all matters relating to your claim on your behalf”

This is a common clause and means that the insurer can choose to settle the claim, deciding which party was liable and the amount to be paid out, without needing the consent of the policy holder. This allows the insurer to make commercial decisions on issues such as whether to argue liability in court, with the associated risks and costs involved. While the insurer has this right, we require that in fulfilling its role under the policy it treats its customers fairly. This recognises that there are potential impacts on consumers of the decisions made by the insurer. As a result, my role is to decide if Alwyn acted appropriately and treated Mrs and Mr M fairly when dealing with this claim.

Mr M admits that he was moving, if slowly, when his car made contact with the third party. But it's apparent that he didn't notify Alwyn and it made several attempts to contact Mrs M once it had received notification of a claim against her policy by the third party. As Alwyn pointed out in its letter, this can cause problems with how a claim is handled as it was having to rely on only the information from the other insurer. When Mrs M did reply she pointed out that she was only aware of the contact between wing mirrors. It was because of this evidence that Alwyn carried out an inspection of her car. The investigation confirmed that marks on the car were consistent with the claims being made by the other side. This was further confirmed by an in-house review by Alwyn, in which photographs of the damage to the other car were assessed. It was felt that the damage was consistent with a collision with Mrs and Mr M's car, including visible paint transfer assessed as likely being from their car.

On the basis of this information Alwyn decided to accept liability for the claim. That is its right under the policy and my conclusion is that it carried out the necessary work to ensure that this was not an unfair or unreasonable outcome.

Once liability is established against an insured person, whether wholly or only partly liable, there will be a record of the claim and that can have an impact on future insurance. That cannot be avoided and is a legitimate aspect of insurance business. The actual level of costs claimed may also have an impact but all of these factors very much depend on the approaches used by different insurers.

In this case, while Mrs and Mr M argue that the amount claimed by the third party was unjustified, it's apparent that Alwyn have also handled that aspect appropriately. Despite them being disadvantaged earlier on by not being aware of the incident, Alwyn was able to negotiate the claim against the policy down by around 50%. While the figures do not necessarily equate to a major change in the impact on Mrs and Mr M, because they will still have a fault claim against their record, I am satisfied that this, again, shows that Alwyn have acted appropriately in how it has discharged its responsibilities to Mrs and Mr M under the terms of the policy.

My final decision

I do not uphold this complaint against Alwyn Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 20 December 2024.

John Withington
Ombudsman