

The complaint

Mrs H has complained about Covea Insurance Company Limited's actions in connection with her motor insurance policy.

Mrs H's relative, Mr H, has helped Mrs H in dealing with Covea and in bringing this complaint. But for ease of reading I'll refer to his comments as being Mrs H's.

Reference to Covea includes its agents.

Background

Covea received an allegation that Mrs H's car had been in an accident in September 2018. Mrs H said neither she nor her car had been involved in the alleged accident. Covea told the other party Mrs H denied any knowledge of the accident and asked it for further proof that Mrs H was involved.

When Mrs H's policy was due for renewal her premium had gone up significantly. And quotes from other insurers had also increased as the alleged claim was affecting her insurance history. She complained. Covea responded to the complaint some months later. It said the other party had withdrawn their allegations against Mrs H. It confirmed it had removed details of the incident from a shared insurance database. It also acknowledged it could have been more proactive in dealing with the claim. And it sent Mrs H a cheque for £250 compensation for the impact of that. Mrs H didn't accept the cheque and returned it.

Mrs H brought her complaint to us. Two of our investigators have looked at the complaint. Both felt Covea's offer of £250 compensation was reasonable. And the first investigator also recommended Covea should provide Mrs H with a letter she could give to her recent insurers to show she wasn't involved in the alleged accident. Mrs H didn't think the investigator's recommendation went far enough so her complaint's been passed to me to decide.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I'm going to partly uphold it. And my award to put things right will be the same as our investigators recommended.

In bringing this complaint Mrs H has made a number of detailed points. But I don't intend to address each and every point raised; instead I will focus on what I see as being the key issues.

I can understand how stressful and frustrating Mrs H might have found being accused of being at fault for an accident she knew she wasn't involved in. But I don't think this was Covea's fault. As it had received an allegation that one of its policyholders, Mrs H, was involved in an accident, it was required by law (the Road Traffic Act 1988) to respond to that

claim. So I think it was reasonable for Covea to ask Mrs H for her version of events before it decided how to deal with the claim. And until Mrs H had given her account it couldn't know for certain whether she'd been in the accident or not.

Covea initially wrote to Mrs H to ask her about the incident. But, for reasons that aren't clear, it seems Mrs H didn't receive Covea's letter - although I've seen evidence from Covea's file that it wrote to her. It then instructed investigators to interview Mrs H. They were satisfied with Mrs H's version of events. That was neither she nor her car had been in an accident. The investigators concluded that the allegations against her were possibly a case of mistaken identity.

It might help if I explain that there's a centrally held database that records which insurers insure particular cars. And the database locates insurers by the registration number of the cars on their policies and not by the name of the policyholder. So, when there's been a driving incident and an interested party wants to claim from the insurer of the car involved, they can find the insurer's details from the central database using the car's registration number.

But occasionally the party wishing to make a claim will make a mistake, perhaps because they've recorded the registration number incorrectly. And when that happens the database will provide details of the insurer of the car with the "incorrect" registration number. And that can lead to a claim being made against a policyholder who has no involvement or knowledge whatsoever of the incident being claimed for .

It seems likely that's what happened in this case. That is the party making the claim incorrectly noted the registration number of the car involved in the incident, recording Mrs H's car's registration by mistake. And when they've looked for the insurer from the database it's provided Covea's details as insuring Mrs H. So they've sent their allegations to Covea. The "mistaken identity" in a case like this is the identity of the car's registration number. And while such mistaken claims are inevitably frustrating for the innocent policyholder concerned, it doesn't necessarily mean the party making the claim has acted fraudulently, they've simply made an error.

In this case Covea initially responded reasonably. It established that Mrs H said she wasn't involved in the claim and took action to prove that, including instructing investigators. It also asked an engineer to see if there was any evidence of the car being involved in the accident. Although it appears that an engineer didn't ever complete that action. Covea also told the other party it would defend any claim and asked it to prove Mrs H had been in the accident. That was the right thing to do. But, it didn't follow this action up. That was clearly an unacceptable oversight. And it should have taken more action to ensure that the other side shut down the claim against Mrs H. That's because, while a claim remains open, most insurers will treat it as if it's a "fault" claim, which affects no claims discount (NCD) entitlement, and premiums until such time as it's closed.

It's worth noting that it's usual for insurers like Covea to require agreement from the claimant that they're no longer going to pursue the claim before closing it down. That's because otherwise the claimant could simply continue to pursue it and take the matter to court, regardless of the fact the policyholder has consistently denied any involvement in it. But as I've already said Covea should have taken more robust action earlier to secure the other party's agreement to close the claim. Covea hasn't provide any explanation for why it didn't take that action sooner. So, I can't say with any certainty why it wasn't more proactive. However, its delay wasn't acceptable. But I think, for the most part, Covea's done enough to put things right.

I understand Mrs H doesn't agree, particularly because the open claim significantly affected the premiums she was offered when her policy was due for renewal. But, even when handled well, disputes of this nature can often take months to resolve and rely on the cooperation of the other side. So even if Covea had acted promptly I can't be sure it would have closed the claim before Mrs H's policy was due to renew. And, while its actions were delayed, it did eventually have the claim removed from a shared insurance database, record it appropriately on its own system and confirm Mrs H's NCD entitlement. Also to address the impact of its delays it offered Mrs H £250 compensation. I think that was a reasonable offer in the circumstances as it's in line with awards we make in other cases of similar seriousness. I know Mrs H rejected that offer, but as I think it was an appropriate sum, Covea should reissue this payment to Mrs H.

Mrs H clearly doesn't think £250 compensation is anything like enough, especially given the impact on her premium. But I'm aware Mrs H's premium was also likely to be affected by an earlier claim in the same policy year. So I don't think the mistaken allegation was the only reason Mrs H's premium increased. And, as I've said above, even if Covea had acted promptly it's likely that the claim would have remained open when Mrs H's policy was due to renew. So I don't think Covea's delays alone are the reasons her premium increased as it did. But to ensure the allegation no longer affects her I think Covea should write to Mrs H to confirm the claim made against her has been dropped and the incident removed from the shared insurance database. Mrs H can then show that letter to her recent insurers which might want to consider if a refund of premium is due.

My final decision

For the reasons set out above I partly uphold this complaint. I require Covea Insurance Company Limited to:

- Reissue the payment of £250 compensation for Mrs H's distress and inconvenience.
- Write to Mrs H to confirm she had no involvement in the September 2018 accident and that the claim has been removed from a shared insurance database.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 20 November 2020.

Joe Scott
Ombudsman