

The complaint

Mr W has complained that MCE Insurance Company Limited failed to ensure a County Court Judgment (CCJ) had been set aside as agreed following its handling of a claim under Mr W's motorbike insurance policy.

Mr W's mother Mrs S is representing him in his complaint.

What happened

Mr W was involved in an incident in March 2016 and made a claim under his motorbike insurance policy with MCE. A third party claimed against the policy. In April 2018 the third party's representative made a claim for their costs through the court against Mr W, which resulted in a CCJ against Mr W.

MCE upheld Mr W's complaint in June 2018. MCE said it would arrange for the CCJ to be set aside and paid compensation of £250 to Mr W for the distress and inconvenience caused.

In March 2019 Mrs S said Mr W applied for a motorbike insurance policy and he discovered that a record of the CCJ remained on his credit file. So he complained to MCE.

In November 2019 MCE upheld Mr W's complaint. It offered Mr W compensation of £150, but Mrs S said this has been refused. Mrs S said Mr W's credit rating has been affected for over three years as MCE didn't remove the CCJ as promised. She said a fairer compensation award is £650 to reflect the stress caused and the impact on Mr W's credit file.

Mrs S said Mr W hasn't been able to obtain credit. And she believes the price he paid for his insurance policy in March 2019 was affected by the CCJ.

We asked Mrs S and Mr W to provide any evidence it had of the impact the CCJ had so that we could consider this further. Mrs W says they aren't able to provide any proof. But she feels it's unfair that Mr W shouldn't receive further compensation for this reason as this isn't his fault. She told our investigator Mr W had intended to apply for a mortgage last year, but didn't because of the CCJ on his credit file.

Our investigator thought MCE had done enough to put things right in offering compensation of £150. She couldn't recommend anything further without proof of financial loss caused by MCE's failing.

Mrs S didn't agree and wants an ombudsman 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.

Mrs S says Mr W has contacted the insurer for the policy he bought in March 2019 to ask for proof the premium was impacted by the CCJ. But they aren't able to provide evidence to him. Mrs S feels the compensation offered isn't enough for the time and stress involved as she says MCE failed to deal with the CCJ not once, but twice.

Although the incident happened in March 2016, the CCJ which is the cause of the complaint wasn't recorded until April 2018. Mr W's complaint about this issue was resolved in June 2018 and so doesn't form part of my decision. The complaint is that in March 2019 Mr W became aware that the CCJ hadn't been set aside as promised the year before. This isn't in dispute. I've considered the impact of MCE's actions and whether the compensation it offered was fair and reasonable. In doing so, I've looked at what evidence is available to support Mr W's claim for financial loss.

I think there was a further delay in arranging the setting aside of the CCJ by MCE which was unnecessary. MCE has offered a further compensation award of £150. I can also see that it asked Mr W for any evidence of the impact the CCJ had on his credit rating so that it could consider any actual financial loss. But Mr W wasn't able to provide any.

MCE sent Mr W a copy of the Certificate of Satisfaction addressed to him from the court – as Mrs S said he hadn't received it. This shows Mr W was notified that the CCJ was removed as the Judgment set aside on 7 October 2019. MCE contacted The Registry Trust Ltd and requested that the Judgment be removed from Mr W's credit file. They confirmed they received notice from the court to remove the Judgment. MCE asked Mr W to check his credit rating and provided links to free online credit checking websites, but didn't receive a reply.

I agree with Mrs S that having to contact MCE again in March 2019 because the CCJ hadn't been set aside caused unnecessary time and trouble. However, for this I think MCE's compensation of £150 is fair and in line with awards we give in similar circumstances. This is for the distress and inconvenience caused. I think MCE acted fairly by giving Mr W an opportunity to provide proof of financial loss to consider. But without any evidence, I don't think MCE needs to do any more. I think the compensation award of £150 is reasonable to put things right.

My final decision

MCE Insurance Company Limited has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that MCE Insurance Limited should pay £150 to Mr W if it hasn't already paid it.

MCE Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr W 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.

If MCE Insurance Company Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 January 2021.

Geraldine Newbold
Ombudsman