

The complaint

Mr and Mrs B have complained about U K Insurance Limited's (UKI) handling of a claim against their motor insurance policy.

Mr B is a named driver on Mrs B's policy. Mr B has taken the lead in dealing with this complaint. So, for ease, where I refer to his comments below those should be read as being on behalf of both himself and Mrs B.

Reference to UKI includes its agents.

What happened

In May 2018 Mrs B made a claim on her policy and, while UKI's garage was repairing her car, it loaned her a courtesy car, which Mr B signed for. When the garage came to take the courtesy car back, in June 2018, it noted some minor damage to the car which hadn't been there before. It offered Mr B the option of paying it £300 for the damage but Mr B objected to that.

Some months later, in February 2019, the garage made a claim against Mrs B's policy for the damage to the courtesy car. UKI wrote to Mrs B to tell her about the claim but said the incident had occurred on the day in February 2019 that it wrote to her, rather than in June 2018 when she had the car. The next day UKI sent her a letter saying that she had asked it to extend the cover on her policy to include cover for another car, giving the registration of the courtesy car. Mr B wrote to UKI pointing out that Mrs B had neither had an accident in February 2019 nor asked UKI to extend her cover to another car.

Mr and Mrs B were unhappy with UKI's handling of the matter. They brought their complaints to us. We've dealt with those under two separate reference numbers. One of our investigators looked into the complaints. Under this reference, our investigator thought UKI had settled the claim fairly. But she thought that some of its communication could have been clearer; so she said UKI should pay Mr and Mrs B £75 compensation for the impact of that.

Mr B didn't agree so the complaint's 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.

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

As I've said above we've dealt with Mr and Mrs B's complaints under two separate reference numbers. I've issued a separate decision concerning the points of complaint raised under the other reference number. So, in this decision I don't intend to make any findings on matters I've dealt with under that reference number.

Mrs B's policy says that when she has a courtesy car the insurance cover for that car is

provided by her own policy. Also, when Mr B signed to accept the courtesy car, the form he signed said Mrs B would be responsible for any damage to the car it didn't already have. The form added that the courtesy car was provided on the understanding that Mrs B's insurance cover was transferred to it.

So in signing for the courtesy car, Mr B accepted that if the car was damaged while in his and Mrs B's control then Mrs B would be responsible for the costs of putting that right. Alternatively, that the garage could claim against Mrs B's policy for the costs of repairing any damage.

When the garage came to collect the courtesy car, it noted some damage which hadn't been there before. In other words damage that had been caused while the courtesy car was in Mr and Mrs B's control. Mr B noted that the damage was there, although he said he didn't know how it had happened. And he wrote on the courtesy car form that the damage was "minute". I understand that Mr and Mrs B have no idea how that damage happened, but as it happened while the car was in their control they became responsible for the cost of repairing it even if they didn't cause it. And if they didn't want to pay those costs themselves then the garage could claim against Mrs B's policy.

Mr B said the garage told him if he paid it £300 that would be an end to the matter. But Mr B wasn't happy to pay that. So, in February 2019, the garage made a claim against Mrs B's policy to cover the costs of repairs to the courtesy car. And, as Mr and Mrs B had decided not to pay for the repairs themselves, that was something the garage was entitled to do.

When registering the claim, although the garage told UKI the incident had happened in June 2018, UKI recorded it as the date the garage made the claim, which was 6 February 2019. But, at that time, UKI was clearly aware that the actual date of the incident was 18 June 2018.

It seems likely that UKI recorded the incident date as being February 2019 (rather than June 2018) because, in order to apply the claim to Mrs B's policy, it needed first to add the courtesy car to it. And, from the notes on UKI's file, it seems it couldn't backdate the cover for the courtesy car to June 2018; so instead UKI added the courtesy car to the cover in February 2019. And that also prevented it from backdating the date of the incident on its system to June 2018. So instead it recorded the date of incident and the date the courtesy car was added to the policy as February 2019, instead of the actual date in June 2018.

And because of that it seems UKI's computer system then automatically sent Mrs B a letter telling her she'd asked UKI to extend the cover on her policy to include the courtesy car in February 2019. UKI also sent Mrs B a letter saying she'd been involved in a motoring incident on 6 February 2019. Plainly Mrs B knew that wasn't the case. So I can understand why, initially at least, she and Mr B were suspicious that the garage (or someone else) was trying to make a fraudulent claim against her policy. But I'm satisfied that's not the case.

I should say that it's not my role to decide if a fraud has been committed, as ultimately that's a matter for law enforcement agencies or the courts. But, as I understand it, fraud is a deliberate act in order to gain or profit from some form of deliberate untruth, deception or abuse of power. But that's not the case here. UKI had nothing to gain by recording an inaccurate date of incident. It only did that to allow it to process the claim on its system. But it knew what the correct incident date was. And, as I've said above, the garage was entitled to make a claim against Mrs B's policy for the cost of repairs for damage to its car. So I'm satisfied the claim was genuine and UKI was under an obligation to process that claim.

Further, although UKI initially recorded the claim with an incorrect date, it was aware of what the correct date was. And it would be liable to pay a claim arising from the incident on that

correct date in June 2018. So while it certainly wasn't helpful that UKI initially recorded the incident date in the manner that it did, that didn't make the claim itself in anyway fictitious or fabricated. The garage's car was damaged while in Mr and Mrs B's control. And the garage was entitled to claim for that against Mrs B's policy. So I think it was reasonable for UKI to settle the claim.

That said, as I've indicated above, the manner in which UKI told Mr and Mrs B about the claim was anything but ideal. Mrs B hadn't asked for her policy cover to extend to another car in February 2019, so the letter saying she had wasn't accurate. And I think UKI should either have taken steps to prevent that letter from being sent or, if its computer sent that letter automatically, to have sent another letter straightaway explaining what had happened and why. And it could have used that opportunity to explain the discrepancy with the incident date. I've noted that UKI did try to ring Mrs B. But it wasn't successful. And, having received UKI's inaccurate letters, I can understand why those could have raised concerns that something untoward was happening, when that wasn't the case. And that clearly caused Mr and Mrs B confusion and consternation.

I noted UKI explained what had happened and apologised for any confusion when it responded to Mr B's complaint in May 2019. But, as I've said above, I think it could have taken action to prevent or minimise that confusion in the first place. Further, I've seen that Mr B followed up UKI's reply to his complaint seeking further clarification about the accuracy of its letters, which UKI didn't provide. And while I was pleased to see it apologised for the confusion it created, it's clear that confusion has caused Mr and Mrs B some distress and inconvenience. And in those circumstances I don't think UKI's apology goes far enough. So, to put things right, I think it's fair and reasonable that it pays Mr and Mrs B £75 compensation.

My final decision

For the reasons set out above I partly uphold this complaint. I require U K Insurance Limited to pay Mr and Mrs B £75 compensation to address their distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 25 March 2021.

Joe Scott
Ombudsman