

The complaint

Mr and Mrs S have complained about Admiral Insurance Company Limited's actions in connection with their motor insurance policies.

Mr S has taken the lead in bringing this complaint; so, where I refer to his comments below those should be read as being on behalf of himself and Mrs S.

What happened

Mrs S took out a policy with Admiral which renewed in October 2018. In December 2018 Mr S took out a separate policy for his car with the intention of adding Mrs S' car to that policy, on a multi-car basis, from October 2019.

In that month, October 2019, a claims management company (CMC) contacted Admiral and told it Mrs S' car had hit the CMC's client's car in August 2019. The CMC wanted to claim from Mrs S' policy. But the CMC said the driver of Mrs S' car at the time of the incident was someone not named on Mrs S' policy. Admiral contacted Mrs S a couple of weeks later. She said her car hadn't been involved in an accident. Admiral asked the CMC to look into the matter.

In November 2019 Admiral wrote to Mr S and said that the claim had affected his multi-car policy's renewal price, which had increased by around £175. Mr S contacted Admiral, cancelled the renewal and raised a complaint. The next day Admiral told Mr S that the CMC had confirmed Mrs S' car wasn't involved in the alleged incident and it had updated its system accordingly. But another insurance provider later told Mrs S that the August 2019 incident was still showing on a shared insurance database against her claims history.

Mr S brought his complaint to us. One of our investigators looked into it. He didn't think Admiral had done anything wrong. Mr S didn't agree so his 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 not going to uphold it.

I can understand how confusing, stressful and frustrating Mr and Mrs S might have found it to learn that they'd essentially been accused of causing an accident that they had absolutely no involvement with. But I don't think this was Admiral's fault. A CMC had told Admiral that a car it insured had caused an accident. And, as the insurer of that car, Admiral was required by law (the Road Traffic Act 1988) to respond to that allegation.

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 or the CMC noted the registration number of the car involved in the incident as being Mrs S' car's registration by mistake. And when the CMC's looked for the insurer from the database it's provided Admiral's details as insuring Mrs S' car. The CMC has then sent their allegations to Admiral.

So, when Admiral received that claim it's recorded it on its system as a claim against Mrs S' policy. That process has automatically updated a shared insurance database that a claim had been made. That's standard procedure across the motor insurance industry. And until the incident had been investigated and closed down the claim would show as "open", which meant it hadn't yet been determined, on the shared database. And it's usual for insurers to treat open claims as if they are fault claims until they're closed. So as Admiral had received a claim against a car it insured I think it was reasonable for it to record it as a claim against Mrs S' policy until it had investigated the matter.

Admiral noted the allegation didn't name either Mr or Mrs S as the driver of the car. And it spoke with Mrs S to confirm her car hadn't been involved in an accident and responded to the CMC accordingly. But it couldn't just close matters down at that point. That's because it's standard practice for insurers to wait until they've received confirmation from the claiming party, in this case the CMC, 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, and the claim would still show as "open" on the shared database, regardless of the fact the policyholder has consistently denied any involvement in it. So, while I do understand how frustrating Mr and Mrs S found the situation, I don't think Admiral did anything wrong in not closing the file when Mrs S said her car hadn't been involved in an accident.

I've noted that it wasn't until the end of November 2019 that Admiral confirmed the claim was closed. Mr S believes that if he hadn't phoned it around that time then Admiral wouldn't have taken any action. In fact he said he'd specifically asked Admiral if it had intended to chase the matter and it had told him "no". But Mr S is mistaken. I've listened to the relevant call recordings. There are two and Mr S said that it was in the second call, with a male, when Admiral told him it hadn't intended to take further action. But the conversation didn't go as Mr S remembers it. Mr S didn't specifically ask if Admiral was planning to chase the matter, so it didn't tell Mr S it wasn't planning to do so. That said, the call handler didn't say when it was scheduled to take the next action either, which might have given Mr S the impression that without his call it wasn't going to do anything. But, I'm satisfied that wasn't the case.

Admiral told us it had already sent a follow up to the CMC on 29 October 2019. Mr S doubts the accuracy of that. I asked Admiral for evidence of its contact with the CMC and it provided us with a copy of the notification it sent to the CMC by email at 2.30pm on 29 October 2019. So I'm satisfied it did write to the CMC as it said it had. I'm equally satisfied that it would have followed up on this without Mr S' intervention.

Mr S has also questioned why the mistaken “claim” hadn't shown on the initial renewal notification Admiral had sent to him, before it told him the renewal premium would increase. This isn't a point Mr S initially put to Admiral when he complained. So it's not something Admiral's had the opportunity to respond to formally. But it's told us that the CMC's claim was against Mrs S' own policy and not Mr S' multi-car policy, which Mrs S had planned to add her car to in October 2019. So it's system hadn't automatically updated the renewal quote it had sent to Mr S with details of the claim against a separate policy. However, Mr S told us that he wasn't planning on renewing with Admiral at the premium it initially offered (before adding £175 for the mistaken claim) anyway. So I don't think the fact that Admiral added the claim to the policy and increased the premium at a later date affected Mr S' decision with regards to renewal.

For completeness I'm aware that another insurer could still see the mistaken claim on the shared database after Admiral had closed it down. But I don't think this is because of anything Admiral did or didn't do. I'm aware that Admiral's system will automatically send notification to the shared database that it had closed the claim as being incorrect. But it appears the shared database didn't update immediately. Admiral aren't responsible for managing the shared database. Further, depending on exactly which data package insurers use to access that system, there may sometimes be a delay in the shared database updating. And that could explain why another insurer could still see the claim against Mrs S even though Admiral had closed it down. But if that's what happened that would be outside of Admiral's control.

My final decision

For the reasons set out above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X and Mrs S to accept or reject my decision before 6 May 2021.

Joe Scott
Ombudsman