

The complaint

Mr A complains about how Haven Insurance Company Limited handled a claim on his commercial vehicle insurance policy.

What happened

Haven were contacted by a third party insurer about an incident. It was told Mr A had driven into the back of another car and caused damage. Because of this Haven contacted Mr A to ask him about the incident. Mr A denied any involvement and said it wasn't him.

Haven looked into the claim and noticed the third party had misquoted the registration number of Mr A's car and provided a policy number which wasn't Haven's. Because of this it defended the claim and closed it on its records. Over the next several months the claim reopened and closed a couple of times. And because this claim had been reopened it caused Mr A's no claims discount (NCD) to be stepped back from five years to three years. By this point Mr A had taken out insurance elsewhere. Mr A's new insurer discovered the claim and reduced NCD and cancelled his new policy.

Mr A wasn't happy about this and complained to Haven. He said he hadn't been told about the claim being reopened and because of this he'd had his new policy cancelled. Haven looked into the complaint and didn't uphold it. It said the claim was still under investigation and because of this it didn't think it was responsible for the impact that had on Mr A's new insurance. Mr A didn't agree and referred his complaint here.

I issued a provisional decision on this complaint on 15 September 2021 where I said:

"The terms and conditions of Mr A's policy, like most policies we see, give Haven the right to take over the defence or settlement of any claim, as it sees fit. That means it might make a decision Mr A disagrees with. But we'd look at whether Haven made a reasonable decision in doing this based on the evidence it had and the circumstances of the case.

Mr A's policy ran from 1 August 2019 until 31 July 2020. Haven received notification of this incident at the beginning of March 2020. It spoke with Mr A in March 2020 and got his side of the story. From Haven's notes I can see it determined at the beginning of May 2020 that it was a case of mistaken identity, as the policy number wasn't one of Haven's and the vehicle registration was one digit different. Because of this it closed the claim on 17 May 2020.

The claim then reopened at the beginning of July, as the third party got in touch again, and closed a few days later. The claim then reopened again in late July as the third party contact Haven again, and then wasn't closed until 25 February 2021. Haven also confirmed when the complaint came to our service the claim was reopened again and once we've finished our investigation the claim will close as notification only.

Given Haven knew in May 2020 that this claim had been incorrectly directed to them, I'm not sure why it kept reopening the claim and reducing Mr A's NCD. Haven also didn't let Mr A know this, and because of that he's had his new policy cancelled. I'm also surprised that Haven has reopened the claim again just because a complaint has come to us. I understand

it may need to reopen its file but to reopen a whole claim and have that recorded on external databases isn't fair and reasonable as there isn't a claim or incident on Mr A's policy. I'm therefore not satisfied Haven have dealt with this claim in a fair and reasonable way.

If Haven had dealt with the claim correctly it should have made the third party insurer aware of the error without reopening Mr A's claim and reducing his NCD. Also, as it was a case of mistaken identity there isn't any incident to record on any external databases, so Haven should correct this and either remove the incident from all external databases or mark it as mistaken identity. This needs to be done in line with the databases rules it recorded the claim on, for this type of scenario.

As Haven didn't handle Mr A's claim in a fair and reasonable way, he's had a policy cancelled and had difficulty getting insurance elsewhere. To put this right Haven also needs to provide a letter explaining its error so Mr A can provide this to the insurer who cancelled his policy and ask them to review how the cancellation is recorded. Haven should also pay Mr A £500 for the unnecessary distress and inconvenience it's caused him in having to do this and the difficulty he's had in getting insurance."

Mr A responded and accepted my provisional decision but didn't have any further comments. Haven didn't respond by the deadline set.

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.

As neither party provided any further comments to my provisional decision, I see no reason to depart from it.

My final decision

For the reasons explained above and in my provisional decision, my final decision is that I uphold this complaint. I require Haven Insurance Company Limited to:

- Remove this incident from all external databases or mark it as a mistaken identity, in line with the databases rules for this type of scenario
- Write a letter for Mr A, explaining it made an error in re-opening his claim, reducing his NCD and recording it on external databases
- Pay Mr A £500 for distress and inconvenience

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 November 2021.

Alex Newman
Ombudsman