

The complaint

Mr L complains about how AA Underwriting Insurance Company Ltd (AA) dealt with things when another driver said he had hit their car.

What happened

Mr L had motor insurance underwritten by AA. He was contacted by AA who said another driver's insurance company was claiming against Mr L's insurance, saying he'd hit their car in a car park. The other driver wasn't in the car at the time of the alleged incident, but said a witness had given them Mr L's registration number. Mr L contacted AA and said he was unaware of any incident and there was no damage to his car. Mr L says he invited AA to inspect his car, but it declined, instead asking him to send pictures. Mr L sent AA pictures of his car showing no corresponding damage.

Mr L said he contacted AA several times, asking what was happening, but AA just said there was no evidence from the other driver so it was unable to progress things.

Some months later AA arranged for an engineer to inspect Mr L's car. The engineer said there was a small amount of damage to the front bumper of Mr L's car. However he said:

"The damage found to the third party vehicle is not of a similar height or profile to the damage found to the insured vehicle. From the information made available I can find no clear evidence the vehicles have made contact."

AA sent this report to the other driver's insurer for comment, but said while the matter was under investigation it couldn't remove the claim from Mr L's policy details.

When AA sent Mr L a renewal notice for his insurance the premiums had increased, and the documents showed the disputed incident as "Insured strikes parked TP vehicle (FAULT)."

Mr L said AA told him it had added details of the incident to the Claims and Underwriting Exchange (CUE). CUE is a database of motor, home, personal injury and travel insurance claims/incidents. Most insurers are signed up to CUE. If an insurer is signed up to CUE, it will make a record of any incident it's made aware of whether it leads to a claim or not. Insurers can view the information on CUE when considering offering a policy to a consumer.

Mr L asked AA for a copy of the entry and for it to be removed as it was incorrect. He says AA refused.

About eight months after the alleged incident, AA sent Mr L an email which said:

"We write to advise that the Third-Party's representatives have confirmed that they have redirected their claim and we will now remove the file".

However, when Mr L later took out insurance with another company, he was told the entry was still on CUE and was charged an extra £64.72.

Mr L complained to AA but had no reply, so he complained to this service. Our investigator

contacted AA and asked for confirmation that the alleged incident had been removed from Mr L's records on CUE. However, AA came back and said it was recorded as "Claim closed". The investigator upheld Mr L's complaint and said AA should pay him £200 for his distress and inconvenience, pay him any additional premium he paid as a result of the claim record on CUE, and remove the claim from any internal and external databases, confirming to Mr L in writing that it had done so.

AA agreed to do this. However, a couple of months later, Mr L contacted the investigator to say AA had paid him the £200 but hadn't done the other things. Mr L said he had incurred a further extra cost at the renewal of his insurance as the alleged incident was still recorded on CUE. In response, AA said the incident was correctly recorded as non-fault on CUE, and Mr L would need to chase his insurance broker about the refund.

The investigator pointed out to AA that it had already agreed to remove the claim from all databases, confirm this to Mr L, and refund any additional premiums. AA said it had asked for the CUE entry to be removed, but said the claim didn't feature on its renewal documents so no refund was due. After further discussions, AA agreed to refund Mr L £44.92, which it said was a "10% basic premium refund", and would work to get the CUE entry removed.

Mr L wasn't happy with this so the investigator said AA should show what Mr L's premium would have been had the claim not been open at the time of his renewal with AA, and calculate the difference between this and what he actually paid. If this was more than the £44.92 already refunded, AA should pay Mr L the difference. The investigator said AA should refund the extra £64.72 Mr L had to pay when he renewed with the other insurer. The investigator also said AA should confirm to Mr L in writing that the erroneous entry on CUE had been removed, and pay Mr L a further £150 compensation.

Following this, Mr L contacted the investigator to say he'd had an email from AA confirming the CUE database entry had been removed. However, he said he'd not received the promised £44.92. He said he thought £500 would cover his losses.

AA didn't respond to say whether or not it agreed to do what the investigator asked, so the complaint has been passed to me.

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.

I uphold Mr L's complaint. I'll explain why.

Mr L's insurance policy said:

"Subsection 4...

*(b) The **Insurer** will be entitled to take over and conduct at the **Insurer's** expense in **Your** name or in the name of any other person insured by this Insurance Document:*

(i) the negotiation settlement or defence of any claim".

However, I would still expect AA to act fairly and reasonably in dealing with any such claim.

Mr L says he provided all the information AA needed to decide he wasn't involved in the incident right away. He also suggested AA should inspect the car. AA did arrange for an engineer's inspection, but this didn't happen until some six months after the alleged incident.

I can see from the claim records AA provided that it didn't proactively chase the other driver's insurer for information such as a statement from the supposed witness. AA also didn't keep Mr L updated with what was happening. Even when Mr L complained to this service, AA didn't act promptly to correct the CUE entry. AA haven't replied to the investigator's latest attempt to resolve things. The alleged incident happened some two and a half years ago and the matter is still not resolved. I don't think this is reasonable.

However, AA has now confirmed to Mr L and to this service that the entry has been removed from the CUE database.

Mr L has provided proof of the extra £64.72 he had to pay the other insurer once it became aware of the entry on CUE. AA agreed to pay any additional premiums but hasn't done so. I think AA should pay this, and also any additional premium Mr L paid when he renewed with AA.

Mr L has already received £200 compensation from AA in recognition of its shortcomings in dealing with the claim. Our investigator said AA should pay him a further £150. I think this is a fair and reasonable reflection of the distress and inconvenience caused.

My final decision

My final decision is that Mr L's complaint is upheld.

AA Underwriting Insurance Company Limited must

- pay Mr L £150 in recognition of the further distress and inconvenience it caused him by not settling his complaint as agreed;
- calculate what Mr L's renewal premium would have been with it had the open claim not been recorded against his name, and refund any difference between this and what he actually paid;
- pay Mr L £64.72 for the extra premium he had to pay with the new insurer.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 25 March 2022.

Sarah Baalham
Ombudsman