

The complaint

Mr N complains Advantage Insurance Company Limited provided poor customer service when dealing with an erroneous claim against his motor insurance policy.

What happened

In July 2020 Advantage told Mr N a third-party driver had claimed against his motor insurance policy. He denied being involved in the reported incident. He was unhappy with how Advantage communicated with him when dealing with the claim and his enquiries.

In September 2020 Advantage issued a response to a complaint from Mr N. It paid him £50 compensation to recognise the impact of failing to respond to some of his emails about the claim. One of our investigator's looked at events relating to that final response letter. He didn't recommend Advantage pay anything extra or do anything differently.

Mr N responded to explain why he wasn't satisfied with the investigator's findings. The investigator said the points he raised were related to events after Advantage had issued its final response letter. Mr N had said he had required to send many more emails and make additional phone calls to sort out the issue. He was unhappy that Advantage hadn't told him he wouldn't be negatively impacted by any records of the erroneous claim. The investigator felt the insurer should be given a chance to respond.

In August 2021 Advantage issued a final response to Mr N's latest complaint points. It apologised for not letting him know it had removed a record of the claim from CUE (an insurance industry database). It also said sorry for confusion it had caused when dealing with his concerns. It paid Mr N a further £75 to recognise the impact of its poor service. He didn't think that was sufficient for what he had experienced. He said Advantage's poor customer service had resulted in a great deal of unnecessary correspondence.

In June 2021 our investigator considered the latest complaint points and Advantage's response. He felt Advantage had unfairly failed to keep Mr N updated about the claim. He said it hadn't responded reasonably to his correspondence. The investigator said a total of £300 compensation would be more appropriate. So he recommended Advantage pay a further £175. Mr N accepted that assessment. But Advantage didn't, so the complaint was passed to me to decide.

In February 2022 I wrote to Mr N and Advantage to give my initial assessment of the complaint. I explained I understood why the erroneous claim against his policy caused Mr N some distress. But I said, as far as I was aware, there was a genuine mistake behind it. I noted that when the mistake was confirmed Advantage, in January 2021, closed the claim and removed any CUE records. I said thankfully it seems the issue hasn't caused Mr N any financial loss, for example by unfairly increasing the cost of his insurance.

I said that I'd seen Advantage told Mr N, in January 2021, about the claim being closed. I noted it didn't at the same time explain to him it had removed records from CUE. Neither did it let him know the claim wouldn't affect the cost of his insurance. I said it would have been reasonable for Advantage to have provided those reassurances. Unfortunately, instead, it seems he was first given that information by this service in June 2021.

I also addressed Mr N's dissatisfaction with Advantage's response to his requests for information relating to the claim. He wanted further information to allow him to understand if his number plate may have been cloned. I said I could understand why a concern about cloning may have caused him some distress.

However, I said Advantage had, in September 2020, provided an explanation of the likely cause of the mistaken claim. It told him the issue seemed to have arisen because a third-party provider, he had dealt with previously, had forwarded Advantage an incorrect form for a claim. I said whilst that may not have fully satisfied his concerns it did give him some indication of the likely cause.

I felt that ultimately the key cause of distress experienced by Mr N was the mistaken claim. I said it's unfortunate that happened, but I hadn't seen enough to say Advantage was to blame for it. I noted it eventually untangled the issue and closed the claim, with no financial loss to Mr N.

I acknowledged Advantage's poor communications did cause an additional element of unnecessary distress and inconvenience. I said Mr N (and his representative) sent many emails about various aspects of the claim and service. I said whilst he did make a number of calls, not all of them were required because of poor service from Advantage. Some were necessary to untangle an unfortunate mistake.

I concluded Advantage should pay Mr N more than £125 compensation in total. But I said I didn't think the unnecessary distress and inconvenience experienced was so significant that £300 would be appropriate. I felt that instead £200 seemed a fairer amount. So I said I intended to require Advantage to pay Mr N an additional £75.

I asked Advantage and Mr N to provide anything further they would like me to consider before I issued a final decision. Advantage accepted my findings without providing any further information. Mr N wasn't satisfied. He provided some points. I've addressed those, where I feel it necessary, below.

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.

In response to my initial assessment of his complaint Mr N said he understands a mistake by a third-party was responsible for initiating the erroneous claim. But he feels the problems after that all stemmed from Advantage's intransigence. He feels unnecessary distress and inconvenience would have been avoided if it had responded to his enquiries more effectively.

I've already given my thoughts on Advantage's communication with Mr N. So I won't repeat them in detail here. I accepted it could have provided better information at points. Mr N hasn't provided anything to change my mind on the extent of its poor service. He referred to

the number of emails he sent, and phone calls he made, to Advantage. I'd already considered those for my initial assessment.

Mr N's disappointed I didn't award a total of £300 compensation or more. He made points about how the amount of compensation to be awarded should be decided. He pointed to Advantage charging customers £40 for an administrative task. He feels there should be a balance between its charges and each action of his that was required due to its poor service.

When calculating compensation awards, we consider the impact a business's mistake has had on the individual involved. We ask what unnecessary distress or inconvenience the mistake caused that person. We don't use that business's charges as a benchmark. As I said I don't think the unnecessary distress and inconvenience caused to Mr N was so significant that £300 or more would be appropriate. I still feel £200 in total is a fairer amount. So Advantage will need to pay Mr N whatever is required for him to receive a total of £200 compensation.

My final decision

For the reasons given above, Advantage Insurance Company Limited need to pay Mr N whatever amount is required for him to have received a total of £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 23 March 2022.

Daniel Martin
Ombudsman