

## **The complaint**

Ms B on behalf of Limited Company 'T' has complained about Royal & Sun Alliance Insurance Limited (RSA)'s poor service which led to a County Court Judgment (CCJ) set against T. RSA is dealing with a claim made under T's commercial vehicle insurance policy.

## **What happened**

T held a commercial vehicle insurance policy with RSA and was involved in an incident with a third party in November 2019.

In March 2020 T received a court summons which Ms B forwarded to RSA. RSA passed the summons to solicitors to deal with on its behalf. But RSA didn't follow up and the solicitors didn't act on it.

At the end of May 2020 T received notice of a CCJ being registered against them for unpaid claim costs by the third party. Ms B contacted RSA and in July 2020 she raised a complaint.

Ms B said that the CCJ being recorded against T had caused reputational damage. She said creditors had contacted T raising concerns and on checking, found that T's credit rating had reduced significantly as a result of the CCJ. Ms B said T had built up a strong reputation over almost 20 years which she said had been damaged by the CCJ.

Ms B wanted RSA to remove the CCJ and to pay compensation to reflect the impact of the reputational damage to business T.

In September 2020 solicitors on behalf of RSA told Ms B that it had requested the CCJ be set aside. In October 2020 RSA responded to Ms B's complaint and upheld it. It offered a compensation award of £1,000 and asked for T's bank details to pay the award. RSA apologised for what went wrong. It said it correctly forwarded the information to its solicitors – so it couldn't tell why it hadn't been actioned. But RSA said it should have followed up a week later and failed to do this. It said this had happened just as the first lockdown due to the Covid 19 pandemic was put in place. RSA said it believes the change in working may have been the reason why it failed to follow up.

Ms B on behalf of T brought the complaint to us. She didn't think the compensation award offered by RSA reflected the damage its failing had caused to T. While she couldn't quantify the amount, Ms B was seeking a sum in the region of £10,000 from RSA. Ms B said she wanted the award to have an impact on RSA so that it ensured this didn't happen again. Ms B felt RSA had used the pandemic as an excuse.

Our Investigator thought RSA's offer of £1,000 compensation and having the CCJ set aside was fair. But in addition he thought RSA should write to the creditors that had contacted T and confirm that the CCJ had been registered as a result of RSA's error and not because of T's actions as a Limited Company.

RSA accepted the Investigator's findings. Ms B didn't agree. In summary she says there's no way of knowing how many creditors and companies saw the registered CCJ against T to

appreciate the possible extent of the reputational damage. She says RSA should be penalised for the error it made.

Our Investigator explained our role and the role of the Financial Conduct Authority (FCA). In doing so he explained that he considered the merits of the complaint brought by T and what remedy he thought was fair to put things right in this case.

Ms B wants an ombudsman 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.

It isn't in dispute that RSA didn't do enough when it was made aware of the intention by the third party to pursue a claim against T. Ms B made RSA aware through their broker in March 2020. RSA should have ensured the solicitors had received its instructions and were dealing with the matter on behalf of T. Had RSA done this, I think it's very likely that the registering of the CCJ would have been avoided.

When considering the impact of an insurer's failing, we can only consider inconvenience caused to a Limited company, not distress as a company cannot experience distress. But we can consider the impact of reputational damage.

In this case Ms B explained that it isn't possible to quantify the potential impact of the registering of the CCJ against T. I'm in no doubt that there was an impact as Ms B has provided an email from one of their creditors raising the change in risk for T as their credit score reduced significantly.

However, as the Investigator explained, it isn't our role to punish a business - but to look at each case on its own merits. When something has gone wrong, we look at what the business did to put things right and if this was reasonable and in line with our approach.

I can see that in October 2020 RSA provided evidence to T that the CCJ had been set aside and T's credit rating had been restored. I agree with the Investigator's recommendation for RSA to confirm its error in writing, but for ease I think RSA should provide an open letter to explain that the CCJ was registered as a result of an error caused by it and not in connection with anything T had done wrong. T can forward a copy of this letter to the parties it wishes to tell.

I understand Ms B will be disappointed with my decision. But I think these actions by RSA along with a compensation award of £1,000 are enough to resolve the complaint.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to do the following:

- Pay T £1,000 for the inconvenience and reputational damage caused to the Limited Company
- Write an open letter to T to explain that the CCJ was registered as a result of an error caused by Royal & Sun Alliance Insurance Limited and not as a result of any actions

by T.

Royal & Sun Alliance Insurance Limited must pay the compensation within 28 days of the date on which we tell it Ms B on behalf of T accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Royal & Sun Alliance Insurance Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Ms B on behalf of T how much it's taken off. It should also give Ms B on behalf of T a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 1 April 2022.

Geraldine Newbold  
**Ombudsman**