

The complaint

Mr and Mrs H complained that data recorded incorrectly by Ocaso SA, Compania de Seguros y Reaseguros (“Ocaso”) unfairly impacted the cost of their home insurance.

What happened

Mr and Mrs H made a claim on their policy when their roof leaked. Ocaso validated the damage and decided to decline the claim as the damage wasn’t covered by the policy. Mr and Mrs H accepted the decision.

When Mr and Mrs H’s subsequent renewal offer was received, the cost was around five times higher than the previous year. Mr and Mrs H sought to understand why the cost had increased so much. They were informed that the declined claim and cost of validating the claim had been recorded against their policy. This resulted in Mr and Mrs H losing their no claims bonus of nine years which caused the cost of future insurance cover to increase. Ocaso said they couldn’t remove this record and confirmed Mr and Mrs H hadn’t received a financial benefit from the policy.

Our investigator decided to uphold the complaint. She thought Ocaso may have wanted to keep their own records of what’s happened, however, she thought it was unreasonable that Ocaso maintained that this needed to be recorded officially against Mr and Mrs H’s claim history. She said the record should be amended to remove the claim history and she said Ocaso should provide Mr and Mrs H with written confirmation of the amendment, so Mr and Mrs H could get their latest premiums re-calculated and refunded. Ocaso didn’t respond, so the complaint has been referred to an ombudsman.

My provisional decision

I issued a provisional decision on this on 17 March 2022. I said:

“The information recorded against Mr and Mrs H’s policy meant the renewal premium offered via the broker had increased. The benefit of the accumulated no claims bonus was absent from their record. It isn’t normal within the industry for a policyholder to lose their no claims history when they haven’t benefitted from a claim. I’ve also checked the policy and haven’t found any reference to explain that this scenario was likely to occur.

I can see Ocaso did write to Mr and Mrs H’s broker to explain the circumstances of what had happened. However, Ocaso said it couldn’t amend its records and provided no details to the broker that the no claims history should be left unaffected. Therefore, the broker had no choice but to use the records that were provided by Ocaso. The impact for Mr and Mrs H was that the renewal offer provided by the broker was around five times more costly than in the previous year. So, I think it’s clear that Mr and Mrs H have potentially suffered financially from these circumstances, as they weren’t provided a fair renewal offer by Ocaso and likely sought alternative insurance elsewhere in the marketplace. Therefore, I intend to uphold this complaint.

I can see our investigator asked Ocaso to amend the record, but Ocaso said this wasn't possible on its systems. I don't think there is any reason Ocaso would say this if they could change the record, so I think it's likely that this isn't possible for them to do. However, as I said previously, I don't think Ocaso communicated effectively with the broker about reinstating the accumulated no claims history.

I've noted that Ocaso said it isn't signed up to the Claims and Underwriting Exchange (CUE) which is an industry wide held database of motor, home, personal injury incidents. Therefore, I don't think Mr and Mrs H have been penalised by incorrect information being held on this database.

I think Mr and Mrs H have been treated unfairly as Ocaso's actions meant Mr and Mrs H weren't offered a fair renewal based on having a significant no claims history. I think other customers in a similar position with no claims history could well have benefitted from a lower priced insurance offer. Therefore, I don't think they have been treated fairly. I've considered what is reasonable to put Mr and Mrs H in a position where they aren't penalised due to Ocaso's actions.

I intend that Ocaso should provide a letter to Mr and Mrs H setting out clearly the correct no claims history they have accumulated up until the end of their policy with it (circa 10 years). This will provide Mr and Mrs H with an official record of their no claim history should they need it. Mr and Mrs H said they didn't insure their home due to the cost. However, if Mr and Mrs H did subsequently insure their home, then I intend that Ocaso should calculate what price it would've offered Mr and Mrs H a policy for at their 2021/22 renewal based on having a 10 year no claims history. If Mr and Mrs H paid more than this with a new insurer for 2021/22, then Ocaso should refund the difference. Mr and Mrs H should use the letter that Ocaso provide and ask their current insurer (or broker) whose providing (arranging) them cover for 2022/23, to re-calculate their premium based on this new information. If they are unable to persuade their insurer to re-calculate this, then I intend that Ocaso should either influence the insurer to do this, or otherwise, compensate Mr and Mrs H for any further financial loss.

I think Mr and Mrs H will have experienced some distress and inconvenience as their home was left uninsured. If they did end up insuring their home, they would have potentially been exposed to a financial shortfall. Therefore, I intend to award £200 compensation for this".

Responses to my provisional decision

Mr and Mrs H accepted my provisional decision and didn't have anything more to add.

Ocaso didn't reply to my provisional decision.

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.

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is I uphold this complaint, I require Ocaso SA, Compania de Seguros y Reaseguros to:

- Provide a letter to Mr and Mrs H setting out clearly the no claims history they have accumulated up until the end of their policy with it (circa 10 years).
- Calculate what price it would've offered Mr and Mrs H a policy for at their 2021/22 renewal based on having a 10 year no claims history. If Mr and Mrs H paid more than this with a new insurer for 2021/22, then Ocaso should refund the difference.
- If Mr and Mrs H are unable to persuade their current insurer to re-calculate their premium based on the correct no claims history, Ocaso should either influence the insurer to do this, or otherwise, compensate Mr and Mrs H for any further financial loss.
- Pay Mr and Mrs H £200 compensation – for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 19 May 2022.

Pete Averill
Ombudsman