

The complaint

Mr B has complained that Royal & Sun Alliance Insurance Limited (RSA) incorrectly recorded a claim on a central database which led to an increase in his home insurance policy premium.

What happened

Mr B bought a home insurance policy with RSA. In 2018 he called to tell it there was water leaking into the basement of his home. Mr B asked if his policy covered a claim if he wanted to make one. RSA said it would need to open a claim in order to check for Mr B. The agent at RSA told Mr B that if the claim wasn't covered it would be closed and it wouldn't affect Mr B's future premium.

In 2022 Mr B said he discovered that RSA had recorded a claim on a central database when he bought insurance with another provider. He said as a result of the recorded claim, his premium went up by £50.

Mr B complained to RSA. He wanted it to compensate him for the difference in premium.

RSA upheld Mr B's complaint in part. It agreed the agent told Mr B the recording of the claim wouldn't affect the price of future insurance. It agreed this was wrong as RSA cannot determine how other insurers decide a premium to charge a customer.

RSA said it had recorded the claim as declined on a central database – but updated it to show as a notification only. RSA said this was correct and in line with the policy terms which require RSA to record any incident even if a claim isn't made.

Mr B remained unhappy and asked us to look at his complaint. Our investigator didn't recommend it should be upheld. She thought RSA had acted reasonably.

Mr B didn't agree and 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.

Many insurers sign up to a central database that exchanges incident and claims information about customers. The purpose of the database is to prevent fraud and identify misrepresentation.

Mr B's policy with RSA explained the following:

"CLAIMS HISTORY

Insurers pass information to the Claims and Underwriting Exchange Register (CUE) run by Insurance Database Services Ltd (IDS Ltd). Under the conditions of your policy, you must tell us about any incident (such as fire, water damage, theft or an

accident) which may or may not give rise to a claim. When you tell us about an incident, we will pass information relating to it to the register.”

I think RSA clearly explained that – irrespective of whether a claim was made – it would make a record of the incident. So when Mr B called to ask if the escape of water damage was covered under the policy, I think it was reasonable for RSA at this stage to make a record of the notification on the central database.

The agent at RSA incorrectly told Mr R that there would be no impact on future premiums. When things go wrong, we look at what the impact was and if it would have changed the outcome. In this case, if the agent had correctly told Mr B it couldn't tell if the incident would affect future premiums, RSA's actions would have been the same. It still would have recorded the incident as it was obliged to do on the central database.

So although Mr B was given incorrect information about the potential impact on premium by RSA, it didn't make a difference to the outcome. For this reason, I don't think RSA needs to do any more as it apologised for its error. I think this was enough to resolve Mr B's complaint.

RSA says it has updated the record to show the claim as a notification only – which I think correctly reflects the circumstances of the incident. How another insurer prices a premium can vary and this isn't something within RSA's control.

I understand Mr B will be disappointed with my decision. But I don't think RSA needs to do any more.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 July 2022.

Geraldine Newbold
Ombudsman