

The complaint

Mr C has complained about his previous motor insurer AXA Insurance UK Plc because it didn't tell him about a claim it had received notification of from a third-party.

What happened

Mr C was involved in a minor incident with another car in May 2021. At that time he was insured with AXA and he told it what had happened. Over the coming months Mr C didn't hear anymore from AXA and in October 2021 he changed his policy.

Shortly after the change went through the new insurer told Mr C it was cancelling the new cover. It said there was a claim Mr C hadn't told it about. Mr C later learnt that whilst he had only notified AXA of the incident, it had received a claim from a passenger in the other car. Mr C needed cover so he arranged another policy which cost him £551 more than the policy which had been cancelled. Mr C felt this was AXA's fault – if it had told him about the claim, he'd have declared it, his policy wouldn't have been cancelled and he wouldn't have had to take out the more expensive cover.

AXA said it accepted that there had been a lack of communication and service. It offered £200 compensation. It also said it would look to reinstate the policy that had been cancelled (as it was also the underwriter for that cover).

Mr C remained unhappy. He felt AXA's failure had caused him a financial loss because the policy he'd had to take out to replace the cancelled one was more expensive. And that loss would likely repeat each year he'd have to declare the cancellation. So he complained to us.

Our investigator felt AXA had accepted liability for Mr C not giving correct information about the claim. He noted Mr C had incurred a cost as a result of this. He said AXA should remove the record of the cancellation from its own and any industry databases and also provide a letter for Mr C to use, if necessary, which explains the cancellation was its fault. He also felt AXA should pay Mr C £551 which was the additional cost of the replacement policy and a total of £400 compensation for upset.

AXA said it would agree to everything, with the exception of paying Mr C the additional premium cost. AXA said this should be taken up with the insurer which had charged it, as it would be normal industry practice for that insurer to recalculate the premium cost. And if it pays him now, he could get it recalculated anyway. That would mean he'd benefit twice and that wouldn't be fair. The complaint was passed for an Ombudsman's 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.

I note AXA has accepted liability for what happened. So I don't need to consider that. All that I have to determine is what the fair and reasonable outcome is in the circumstances of the

error that occurred and the resultant losses, both financial and non-financial, which were suffered by Mr C.

Mr C was concerned about future potential losses that he might suffer if declaring the cancellation. AXA's agreement to amend the database and, as a fail-safe really, provide a letter explaining the cause of the cancellation, will prevent those losses from occurring. So I'm satisfied requiring AXA to do that is a fair and reasonable remedy for that loss.

Mr C though has already had to pay a greater premium than he'd planned for. And if he hadn't been put in a position by AXA which caused his new policy to be cancelled, then he wouldn't have had to find the further cover, or pay the premium that insurer chose to charge for that cover. I note AXA's point about what often happens in circumstances similar to this. But I'm not persuaded it's fair here to put Mr C to more hassle. And nor have I seen anything that makes me think Mr C would knowingly attempt to achieve a recalculation of premium from the new insurer as well as achieving redress from AXA. On this occasion, I think the fair and reasonable outcome would be for AXA to pay Mr C £551 which was the additional cost he paid for replacement cover.

I can see that this has caused Mr C a great deal of upset. I know it was a shock for him when the new insurer cancelled his policy. And he then had to contact AXA to find out what had happened, only to discover a claim had been made which he hadn't been told about. I accept that was frustrating for him. I also see he is a young driver and had real worry about how, following AXA's failure, he was going to afford the likely increased cost of cover over the coming years. I think £400 compensation is fair and reasonable in the circumstances. I understand that whilst AXA sent Mr C a cheque, containing the £200 compensation it had offered, Mr C did not cash it. AXA should now, if Mr C accepts my final decision within the deadline, pay him £400.

Putting things right

I require AXA to:

- Remove the record of its cancellation from its own and any industry database.
- Provide a letter for Mr C to use, should he need to, which explains that the cancellation was its fault.
- Pay Mr C £551 as compensation for his financial loss.
- Pay Mr C £400 as compensation for the distress and inconvenience it caused him.

My final decision

I uphold this complaint. I require AXA Insurance UK Plc to provide the redress set out above at "Putting things right".

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

Fiona Robinson
Ombudsman