

## **The complaint**

Mr N has complained that Markerstudy Insurance Company Limited cancelled his motor insurance policy unfairly and added him to an insurance fraud database. This has led to him having to pay more for the policies he's taken out with other insurers after this.

## **What happened**

Mr N had a policy with Markerstudy, which he took out through a broker in August 2020 to cover his car on a laid up basis. He then changed the cover to fully comprehensive with effect from 12 December 2020. Markerstudy wrote to Mr N on 22 December 2020 to tell him they'd be cancelling his policy with effect from 29 December 2020. Mr N didn't challenge this at the time and arranged a new policy to cover his car.

Mr M called Markerstudy to complain about their decision to cancel in May 2021. Their adviser told him his policy had been cancelled due to suspicious quotes being taken out to cover his car in the period between August and December 2020 when he changed to comprehensive cover. At this point Mr M said he hadn't got any other quotes for his car, although he did mention other people may have been insured to use it on a short-term basis. He also asked the adviser where information about him and the suspicious activity relating to the policy had been shared. The adviser gave him the details of a fraud database Markerstudy had placed it on. In the end, the adviser agreed to set up a complaint for Mr N. Markerstudy then issued a final response letter on the complaint maintaining that it was entitled to cancel the policy.

Mr N asked us to consider his complaint about Markerstudy. One of our investigators did this. He originally said he thought Markerstudy's approach in cancelling the policy was unreasonable. But, in the end, he concluded that it was reasonable, but that they shouldn't have placed what is termed 'an inconsistent marker' against Mr N on the fraud database. He said this had caused Mr N distress and inconvenience and Markerstudy should remove the marker and pay him £200 in compensation.

Markerstudy don't agree with the investigator and have asked 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.

Under the terms of the policy Mr N had with Markerstudy they were entitled to cancel his policy by giving him 7 days' notice in writing, which is what they did. So, they complied with the policy terms. However, I'd only expect them to do this for a good reason. Markerstudy have provided evidence to show that several quotes were taken out for Mr N's car using false details in the period between when he took out his policy with them and when he changed to comprehensive cover. Three of these were a few days before he changed to comprehensive cover. This concerned Markerstudy and is why they cancelled Mr N's policy. And I think their concerns were understandable and justified their decision to cancel. I appreciate they sent notice of cancellation over the Christmas period when it was harder for

Mr N to contact Markerstudy. But, I think their decision was reasonable in the circumstances and Mr N did have the opportunity to contact them, albeit not on some of the days in the period concerned.

Markerstudy have explained they didn't record the cancellation itself on any external databases. But, I can understand why it has affected the premiums Mr N has had to pay for new policies, as he has had to declare it and insurers usually charge more for people who have had previous policies cancelled. However, as I've said, I think the decision by Markerstudy was reasonable, so Mr N will have to accept that he needs to declare the cancellation moving forward and the implications of this.

Although, Mr N didn't actually complain to Markerstudy specifically about having information concerning him placed on a fraud database, he did complain about the impact of the cancellation. And I think the entry on the database can be seen as part of this. Therefore, Markerstudy should have addressed this aspect, especially as it was discussed with their adviser when Mr N first complained.

I've spoken to Mr N and asked him why he got several quotes for short-term cover for his car just before changing to comprehensive cover. He's explained that this was because he was thinking of getting a spoiler fitted to it and was just going to drive it to the garage to get this done. He's said when he got a certificate from the broker he'd been using with the wrong details for him on it, he realised there was something wrong and decided to insure the car comprehensively with Markerstudy. He also explained that his reference to other people being insured on the car was on occasions where his brother and father had used it.

I've looked at the guidelines for the fraud database that Markerstudy entered an inconsistent marker against Mr N's name. These say they should only do this where following investigation fraud has not been proven but the member (Markerstudy) has suspicions concerning the policy or claim. And, while I can understand why Markerstudy had concerns about Mr N's links to the broker who had obtained cover for his car fraudulently, they did not have actual suspicions about Mr N's policy with them. They were perfectly satisfied the details he had provided were correct and the only reason they cancelled it was because of Mr N's links with someone who might be best described as a ghost broker.

In view of what Mr N has said and the fact that I'm satisfied that as soon as he realised the broker was using false details he stopped using him, I don't think Markerstudy should have placed an inconsistency marker against Mr N on the fraud database. He already had information recorded against him by another insurer or others as a result of his association with the broker. And I don't think it's fair for him to be penalised twice for his inadvertent error in using this broker. So, I think Markerstudy should remove the inconsistency marker they placed on the database with regards to Mr N.

I also think the fact they placed a marker on the database inappropriately caused Mr N unnecessary distress and inconvenience and that Markerstudy should pay him £200 in compensation to reflect this.

### **Putting things right**

For the reasons set out above, Markerstudy must remove the entry they've placed on the fraud database about Mr N and pay him £200 in compensation for distress and inconvenience.

### **My final decision**

My final decision is to uphold Mr N's complaint and order Markerstudy Insurance Company

Limited to do what I've set out above in the putting things right section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 3 November 2022.

Robert Short  
**Ombudsman**