

The complaint

Mr S has complained that Tesco Underwriting Limited didn't do all it could have done when a claim against a car he owned previously was made against his motor policy, when he had omitted accidentally in telling Tesco he had already sold his car some months previously.

What happened

Tesco wrote to Mr S on 11 May 2020 asking him to make contact concerning an unreported claim. Mr S contacted Tesco that same day and explained he had sold his car on 20 January 2020 to a garage via an online selling platform. This garage then repaired the car and sold it on again to someone else, who presumably was involved in this accident.

Mr S thought he had told Tesco in January 2020 that the car was sold and that his policy should be cancelled. He also said just a week previously in May 2020, Tesco had written to Mr S saying his policy was going to lapse and Mr S confirmed the policy should be cancelled. Further Mr S said the DVLA records show he was no longer the keeper from 20 January 2020.

Tesco said the car now had two insurers noted against it, one being Tesco. It also said it had contacted the insurer who was putting in the claim against Mr S' policy to explain it should be in contact with the other insurer on the car, not it.

Tesco also explained until the insurer who was making the claim confirmed it was logged with the other insurer for the car, the claim against Mr S would remain active. And once it received that confirmation it would remove the claim from Mr S' insurance record.

Mr S then told Tesco on 12 May 2020 that he had written to it when he sold the car in January 2020. He said he tried to complete it online, but it wouldn't go through and he couldn't get through on the phone.

In June 2020 Tesco acknowledged he had received the proof required that Mr S had sold his car in January 2020 and that future issues concerning this claim should be sent to the other insurer.

However then in Tesco's file by 9 September 2020 it had settlement of the claim and in December 2020 it said it had acceptable proof Mr S had sold the car and it was disputing liability as Mr S didn't own the car.

In November 2020 Mr S complained to Tesco because these issues with his insurance record hadn't been resolved and his premium from his subsequent insurer showed his premium was increased because of it. He wanted Tesco to remove this claim from the varying data bases, so it didn't show up on his insurance record. Tesco however in its final response letter said it hadn't received the required proof that Mr S had sold his car hence his insurance record being affected.

Initially the investigator upheld this complaint against the wrong Tesco entity. And because

he felt Mr S should have done more, he said it should pay him £150 compensation.

I then realised this had been set up against the wrong Tesco entity and directed it should be set up against the right Tesco entity.

So, it was then set up against the right Tesco entity with a different investigator being involved. Mr S had accepted he didn't do all he should have done to inform Tesco when his car was sold. But he complained that when Tesco had the information that he had sold the car, it then didn't do enough to get this claim off his insurance record, so it had cost him due to higher premiums from his subsequent insurer.

The investigator was of the view that Tesco could have done more to keep Mr S informed and indeed remove this claim from his insurance record. And it should provide a letter to Mr S explaining the claim ought to have been removed so his subsequent insurer can refund any overpayment. If that insurer won't do this then Tesco should do so instead. And she felt Tesco should pay Mr S £200 compensation.

Mr S agreed but Tesco didn't, so Mr S' claim has been passed to me 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.

Having done so, I'm upholding this complaint, I'll now explain why.

First, I do want to apologise to Mr S for his complaint taking so long within our service and initially set up against the wrong Tesco entity. It has made the matter more protracted for him unnecessarily, for which I am very sorry.

It's clear to me that Tesco knew once it had contacted Mr S in May 2020, that he didn't own the car. The DVLA records would have shown that too. It received the actual proof of sale in June 2020 at the latest from Mr S, yet it said in final response letter in November 2020 it didn't have any proof and it corrected that in December 2020.

So regardless or not as to whether the insurer making the claim against Mr S' policy with Tesco had sorted out who owned the car and had made the claim against them, it could never have been a claim against Mr S. Therefore, obviously Mr S should have cancelled his policy when he sold his car, but I understand he was dealing with a family bereavement at the time too. Nonetheless once this other insurer had made the claim against Mr S' it was clear even from just DVLA records if nothing else that Mr S no longer owned this car.

So, it's largely irrelevant in my view that Mr S delayed in telling Tesco he had sold his car or that his omission wasn't in line with the policy conditions as Tesco has detailed in not accepting the investigator's view. This complaint concerns Tesco's action once it was fully aware from June 2020 onwards that the other insurer's claim couldn't be against Mr S' policy since he hadn't owned the car at the time of the accident.

Therefore, there was no reason in my view for Tesco to not deal with this matter promptly and professionally at the time, instead of putting him on the database saying he had been involved in an accident with this car which he sold months before the alleged accident. Consequently, I don't consider this was reasonable. It meant time, trouble, and distress for Mr S in constantly having to explain to Tesco it had the necessary evidence, with premiums for himself and his partner were increased by their subsequent motor insurers.

So, if it hasn't done so I consider Tesco should write a letter for Mr S to show his then insurers and any subsequent ones that he was not involved in this accident. Those insurers should then refund Mr S and his partner. If they don't for whatever reason, Tesco should do so instead with interest from the date any increased premiums were paid to the date of its refund. It should also pay Mr S compensation in the sum of £200 for the distress it caused him in this matter. That's in line with other awards I've made in similar circumstances.

My final decision

So, for these reasons, it's my final decision that I uphold this complaint.

I now require Tesco Underwriting Limited to do the following:

- Provide a letter to Mr S explaining when the claim against him should have been removed from the relevant databases and Mr S' insurance record. That should then enable Mr S' subsequent insurers to refund any overpayment of premium.
- If for whatever reason Mr S' subsequent insurers don't provide any refund, then Tesco should do so instead. Interest of 8% simple per year should from the date any such overpayment was paid by Mr S to the date of its refund. If income tax is to be deducted from the interest, appropriate documentation should be provided to Mr S for HMRC purposes.
- Pay Mr S £200 compensation for the distress it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 October 2022.

Rona Doyle
Ombudsman