

The complaint

Ms R has complained about the poor service and delays Premier Insurance Company Limited caused when she made a claim under her car insurance policy.

What happened

Ms R was involved in an incident with another vehicle in May 2021. She complained to Premier about the delays and poor service it had caused.

In October 2022 Ms R provided us with a copy of Premier's response to her complaint in April 2022. Premier upheld Ms R's complaint and offered compensation of £75.

Ms R asked us to look at her complaint. She was unhappy with the increase in premium at renewal in February 2022 as the claim was showing on an external database as a fault claim. Ms R said she'd paid the premium in full for the year in February 2021 and expected a partial refund. She had emailed Premier on 4 May 2022 and asked it to clarify that the £75 offered didn't relate to a refund of premium before she could accept it. Ms R said Premier failed to respond to her request for clarification.

Ms R told us she'd expected Premier to provide a refund for car hire costs.

We asked Premier to provide its business file. But Premier failed to provide it. It provided some information. It provided Ms R's policy documents. It said Ms R's car was deemed a total loss. It said the claim hadn't yet been settled as the third party insurer (TPI) disputed liability.

Premier advised that Ms R had additional car hire cover with a separate underwriter. Under her policy with Premier, she wasn't entitled to a courtesy car as her car was declared a total loss.

Our Investigator issued her view in December 2022, based on the limited available information. She didn't think Premier had done anything wrong in not considering any car hire costs Ms R had paid as this wasn't covered under her policy. She thought Premier should include the premium costs in the outlay it looked to recovery from the third party insurer (TPI) if Ms R wasn't at fault for the incident. But she said this service couldn't decide liability, as this was a matter for the courts.

The Investigator recommended Premier pay Ms R an additional compensation sum of £200 for ongoing delays since May 2022, so a total of £275 compensation.

Premier didn't agree. It said the premium paid doesn't form part of recoverable claim related costs from the TPI. And it said the policy explains that the full premium is due when a claim is made under the policy.

It didn't comment on the recommended award of compensation.

Ms R acknowledged receipt of the Investigator's view.

Premier wanted an ombudsman to decide.

I issued a provisional decision on 27 February 2023. I thought Premier should pay compensation of an additional £200 for the poor service and delays up to when it replied to the complaint on 29 April 2022. I explained that Ms R's remaining and ongoing complaints could be brought to Premier for consideration.

I didn't agree that Premier owed Ms R a pro rata refund of premium under the policy as a claim had been made and the premium didn't fall under the claim recovery costs.

Both parties accepted my provisional decision. So the case has been passed back 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.

My findings in my provisional decision were as follows:

“A policy providing cover is set up for a year - this is the term of the contract to which the insurer agrees to provide indemnity. Premier has a very common term which is industry standard - that in the event of a claim the full year's premium is due. The cost of cover doesn't form part of recovery costs in the event of a claim - and so this isn't something Premier can look to recover from a third party insurer if this is settled as a non-fault claim.

So as a claim was made, Premier met its obligations under the policy and Ms R isn't entitled to a pro rata refund of the premium she paid for cover.

Despite several requests since October 2022, Premier hasn't provided its file. So we have very limited information to properly investigate Ms R's complaint.

In any event, we can only consider the complaints Ms R raised with Premier - and it responded to - up to 29 April 2022. In the absence of key information from Premier, I intend to uphold Ms R's complaint. But I think an award of £200 compensation in addition to the £75 already offered (or paid) is a reasonable amount for poor service and delay from May 2021 to April 2022. This is a period of almost a year since the incident occurred and I have no evidence to show Premier took any steps to progress the claim or keep Ms R updated.

Ms R can raise a new complaint about any ongoing delay, poor service from May 2022 and the impact this had had on the premium she's paid at renewal since February 2022 with Premier. If she's unhappy with Premier's response to her complaint(s), Ms R can ask us to look at things for her.

I don't think Premier is responsible for car hire costs Ms R paid for three days shortly after the incident. Premier provides a courtesy car in the event of a car being repairable, which Ms R's wasn't, according to what Premier has told us. Ms R's policy which was sold through a broker shows additional replacement car cover. As this cover is underwritten by a separate business to Premier, Ms R can contact it - or her broker - to seek assistance.”

As both parties agreed with my provisional findings, my final decision is on the same lines.

My final decision

My final decision is that I uphold this complaint in part. I require Premier Insurance Company Limited to increase the compensation from £75 (unless it's already paid this) to £275 for the distress and inconvenience caused by its poor service and delay up until 29 April 2022.

Premier Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Ms R accepts my final decision. If it pays later than this it must also pay

interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 29 March 2023.

Geraldine Newbold
Ombudsman