

## **The complaint**

Mr P complains that U K Insurance Limited (UKI) held him responsible for claims made on his motor insurance policy when he was no longer the owner of the car.

## **What happened**

Mr P was involved in an incident in October 2021 and his car was deemed a total loss. But in April 2022 UKI contacted him alleging that his car had been involved in an incident in January 2022 and it said it was investigating the claim. After numerous calls from Mr P, UKI agreed in May 2022 that the claim was a case of mistaken identity. In June 2022, it responded to his complaint and paid Mr P £200 compensation.

But in August 2022, Mr P received another letter from UKI saying that he had been involved in another incident in April 2022. It also said it had reduced his No Claims Bonus (NCB) to three years due to the three incidents on his policy. It took UKI until December 2022 to resolve the matter and restore Mr P's NCB. It awarded him £300 further compensation. But Mr P remained unhappy.

Our Investigator recommended that the complaint should be upheld. She thought £200 compensation was fair and reasonable for the first complaint. But she thought the level of service and the resulting distress and inconvenience caused to Mr P by it not then resolving the matter, repeating the error, and taking so long to restore his NCB warranted further redress than the £300 offered. She thought UKI should increase its compensation for the second complaint to £450.

UKI replied that it had to investigate the second incident when it was reported. It thought the offer of £500 in total compensation was fair and reasonable. It thought the two incidents were unrelated and the delays were due to the other insurer redirecting the claims. UKI asked for an Ombudsman's review, so the complaint has come to me for a final 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.

UKI said that when it received an allegation from another insurer, it was obliged to investigate it. And I agree that this is in keeping with standard industry practices. I can see from its file that the problems arose because UKI was still showing on databases as Mr P's insurer when the policy was suspended rather than cancelled after the total loss claim. UKI said it had suspended the policy to allow Mr P to put another car on the policy if he so chose and so the policy ran until it expired. But this meant the two subsequent claims made by other drivers were incorrectly added to Mr P's record.

UKI thought it shouldn't have contacted Mr P until it had investigated the claims circumstances. UKI did agree that it had caused delays in resolving the allegations. And UKI agreed that Mr P's NCB should be nine years rather than reduced to three.

When a business makes a mistake, as UKI accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

I can see that UKI has provided Mr P with proof of his correct NCB entitlement. And it has provided an extract from the Claims and Underwriting Exchange (CUE) database showing that the two erroneous claims aren't recorded against Mr P. So I think this reasonably restores Mr P's position and I will now consider the impact the errors had and the level of compensation UKI paid Mr P for this.

I'm satisfied that UKI's payment of £200 compensation was fair and reasonable for the impact its handling of the first incorrect claim had on Mr P. UKI told Mr P wrongly that there was no evidence his car had been written off. Mr P called UKI multiple times and promised calls back weren't made.

It took five weeks for UKI to tell Mr P that the claim was a case of mistaken identity. And it was a further month before it acknowledged its errors and it offered him £200 compensation. So Mr P was caused trouble and upset by the errors over a period of about two months. And I think that £200 compensation for this was in keeping with our published guidance.

But two months later, the errors was repeated for the second incorrect claim. Mr P was also told that his NCB had been reduced to three years because of the two incorrect claims. So UKI had evidently not corrected its records for the first incorrect claim. And it took over a month for UKI to address the claim issue but a further two months for it to restore Mr P's NCB. During this time, Mr P was caused substantial trouble and upset:

- Mr P was distressed and frustrated that he had to address the same issues again that he thought had been resolved in June 2022.
- Mr P had again to make long calls to UKI to explain his circumstances and he had to repeatedly raise his concern about the NCB before it was addressed.
- He was worried that the incorrect claims record would affect his being included on his wife's policy as a named driver.
- He was unable to buy another car as the incorrect NCB made insuring it too expensive and he had to rely on public transport.
- It took four months for UKI to finally restore Mr P's NCB, which I think was an avoidable delay.

UKI offered Mr P £300 compensation for this impact. But I'm not satisfied that this goes far enough given that Mr P was caused substantial distress and inconvenience for over four months for a repeated issue. I agree with the Investigator that £450 compensation better reflects the impact of the errors and is in keeping with our published guidance. So I'm satisfied that UKI should increase its compensation for the second complaint to this amount.

### **Putting things right**

I require U K Insurance Limited to pay Mr P £150 further compensation (£450 in total) for the distress and inconvenience caused to him.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require U K Insurance Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 3 July 2023.

Phillip Berechree

**Ombudsman**