

## **The complaint**

Ms P has complained about her car insurer U K Insurance Ltd (UKI) in respect of how it handled her claim made when a lorry collided with her stationary car.

Ms P has sometimes been represented by Mr B. In the main though, as Ms P is the policyholder and complainant, I'll refer only to her.

## **What happened**

In April 2022, Ms P was involved in an accident which was not her fault. In May 2022 UKI made a claim settlement payment to Ms P which was less her excess. Ms P contacted UKI as she thought she shouldn't have to pay any excess as she was not at fault for the incident. UKI agreed to reimburse the excess and, noting it hadn't progressed the claim with the other insurer at that time, it paid Ms P £50 compensation.

UKI began trying to establish who the other insurer was, as well as obtaining an admission of fault. In the meantime Ms P had arranged for cover via a broker to start with another insurer and a difficulty arose with the broker over the claim still being recorded as one of fault against Ms P. Ms P told UKI what was going on. UKI explained the claim would be recorded as one of fault against Ms P until it recovered its claim outlay from the lorry driver's insurer. But it agreed to provide a letter which she could show to her broker/new insurer, confirming liability had been accepted and that Ms P had full entitlement to her no claims bonus. In July 2022 UKI acknowledged Ms P's concerns about how it had progressed the claim, accepting it hadn't updated her but assuring it was still acting to recover its outlay. UKI confirmed that the promised letter had been provided and paid £100 compensation.

Ms P looked to change insurers again in September 2022. She found out that the claim was still recorded as one of fault against her. UKI noted that the other insurer hadn't reimbursed its outlay – meaning the claim was technically still one of fault against Ms P. But it noted Ms P had now had two policies cancelled by other insurers and felt it should have looked to amend the external industry record to show Ms P's no-claims bonus had not been negatively affected – after all it had confirmed in July that she had full entitlement to it (the no-claims bonus, being affected or not, usually being an indicator to prospective insurers of the fault status of a claim). In a letter dated 3 November 2022 UKI said it would pay Ms P £150 compensation for the upset this further failure by it had caused.

Ms P complained to the Financial Ombudsman Service. She felt that by way of compensation UKI should also be reimbursing her for the cost of a course she hadn't been able to attend when the accident occurred and for the cost of counselling.

Our Investigator confirmed she'd look at what had happened and the complaints made by Ms P, up until 3 November 2022. She felt Ms P had been caused quite a lot of upset and that UKI should pay a further £200 compensation. She didn't think UKI's failures though meant it should reimburse the course or counselling costs. But she directed UKI to consider and update Ms P regarding claiming for these from the other insurer and/or under the policy.

Ms P said she couldn't agree to the compensation, not given how extraordinary UKI's actions had been. She said they now had two policy cancellations on their record by other insurers only because of UKI's failures. UKI also said it didn't think the suggested redress was fair. It felt £300 was reasonable in the circumstances where, it said, there had only been a month's delay along with some mis-advice and poor communication. 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 think UKI could have handled this better. Not only was there the delay by UKI before it sought to trace the other insurer, but I think it caused confusion and, as a result, failed to manage Ms P's expectations about what she should expect with the claim. UKI couldn't have known the other insurer – once UKI began contacting it – wouldn't settle the claim outlay. But UKI could have been clear, at the outset with Ms P that, whilst it seemed like she had not been at fault for the accident, it would have to be recorded as such unless or until the other party accepted liability and all of UKI's outlay was recovered. I don't think it did that and, as a result, Ms P experienced issues over many months. And I think that was particularly unfortunate here where UKI was informed about Ms P's worry and trauma suffered as a result of the accident – that it was important for her for this claim to be resolved smoothly and quickly so the incident could be put behind her. UKI should have been clearer with her, from the outset. It should also have provided her with timely updates about its recovery activity – such that she could have been aware of what other insurers would be likely to see if they checked her record on the external database.

As it was UKI dealt with this in a piecemeal way which, I think, gave Ms P mixed messages. This caused Ms P to tell her broker when arranging cover via another insurer in May 2022 that this was a non-fault accident. When the other insurer checked the industry database and saw it was currently still showing as a fault claim, that caused Ms P to receive letters from the broker; demanding an increased premium and threatening cancellation. I don't doubt this was worrying and upsetting. The detail UKI provided to Ms P at that time did result in the increased premium being refunded by the broker/insurer and that new policy wasn't then cancelled on account of the claim with UKI.

For Ms P though, the problem with the claim and how it was recorded had not been totally resolved as, when she sought to change insurer again in September 2022, she encountered similar problems and made a further complaint to UKI in October 2022. And UKI accepts that it had failed her again regarding the claim because it felt it should have amended the external database to reflect that Ms P's no-claims bonus hadn't been affected. I don't doubt it was stressful for Ms P to encounter this issue again, to realise that there were still bars to her finding and ensuring correct cover was in place, all because of the actions of UKI. In a situation where Ms P was suffering as a result of the accident, these further problems would have been felt more acutely and caused greater upset than they might have in other circumstances. And it was all upset UKI could have avoided.

In the circumstances here I don't think £300 is fair and reasonable compensation. But I do think £500 in total is. It reflects that Ms P, over a number of months, kept encountering issues because of failures by UKI. And I've noted above that this was felt acutely by Ms P. I know Ms P feels that UKI's errors will continue to affect them, worrying particularly about the policy cancellations by other insurers. But in October 2022 UKI amended the external database to show Ms P's no-claims bonus was not affected. And UKI's November 2022 letter acknowledges that it failed Ms P and also that its failure caused incorrect information to be visible to other insurers. If prospective insurers do still have concerns about, or price cover for Ms P based on any insurer cancellations linked to the April 2022 claim and UKI's activity regarding it, Ms P can show them this letter.

Regarding the course, Ms P wasn't able to attend because of the accident. The policy wouldn't cover her for those losses, and they weren't caused by any failure of UKI's. But this is something UKI might be able to ask the other insurer to cover the cost of as an uninsured loss suffered by Ms P on account of the accident caused by the other driver. It should tell Ms P if this is something it can help with.

I'm sorry to hear Ms P needed counselling. But it does seem that the main reason for her needing this was the accident itself. There is cover on the policy for medical expenses incurred as a result of an accident. So it might be that UKI can settle with Ms P for her counselling costs under the policy – and/or it might include these costs in any recovery action it takes against the other insurer. UKI should consider Ms P's claim in this respect.

### **Putting things right**

I require UKI to:

- Pay Ms P a further £200 compensation, where my total award is £500 but £300 has already been paid.
- Tell Ms P if it can assist her with claiming the cost of her missed course.
- Consider Ms P's claim for costs for counselling.

### **My final decision**

I uphold this complaint. I require U K Insurance Ltd to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 15 June 2023.

Fiona Robinson  
**Ombudsman**