

The complaint

Mr K complains about how U K Insurance Limited trading as Direct Line Car Insurance (UKI) handled a Mileage Money Back (MMB) claim he made.

What happened

Mr K took out a motor insurance policy with UKI in January 2022. UKI offered a MMB which meant if Mr K drove less miles than expected over the course of the policy, he could get some money back. The process for him to do this was for him to enter his mileage at the start and end of the policy, which Mr K said he did. And after the MMB claim is made any refund payment should be paid within 30 days, Mr K said when he hadn't received his payment in the time quoted, he contacted UKI. Mr K said he was told the offer had expired. He complained to UKI.

UKI confirmed the MMB offer had expired in December 2022 but refunded Mr K £46.86 as he was eligible to claim the refund. They said the delay was caused by Mr K incorrectly inputting the mileage details.

Mr K wasn't happy with UKI's response, he said he'd spent considerable time on the phone trying to resolve the issue which had caused not only distress and inconvenience but a loss of income. He said he should be compensated for this and referred his complaint to us.

Our investigator said UKI had refunded the MMB but there had been a delay which caused Mr K distress and inconvenience. He said UKI should pay Mr K £50.

Mr K didn't agree and asked for an ombudsman 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've reached the same outcome for broadly the same reasons as our investigator. I'll explain why.

Mr K's motor insurance policy start date was 26 January 2022. I can see that Mr K was sent the policy documents in December 2021. And confirmation that his payment for the policy had been received. I can see there was a MMB offer which said:

"Sign up to Mileage MoneyBack

If you end up driving less than expected, you could get some money back at the end of your policy. Give us your first mileage reading now - or as soon as possible - and we'll ask for a new reading when your policy is up for renewal."

And I can see Mr K sent his recorded mileage to UKI on 25 January 2022, the day before the policy's inception. On the same day UKI sent an email to Mr K that confirmed receipt of his mileage and to remind him he'd need to send a record of his mileage at the end of the policy.

The policy ended 25 January 2023 and Mr K said he sent the recorded mileage to UKI on 27 January 2023. I can see UKI sent a confirmation email on 30 January 2023:

"We'll use the information you've sent us to work out how many miles you've driven. If the mileage reading or vehicle reg is wrong, we won't be able to process a refund."
- If you need to change your reading, you can
- We'll check how many miles you've actually driven, compared to the estimated mileage on your policy.
- If you qualify, we'll refund the money back into your account (the one used to pay for your insurance) within 30 days.
We're on it."

So, I don't think Mr K would have known there was any issue with his claim and so would have expected his refund within the 30 days as quoted, around the end of February 2023.

I can see Mr K contacted UKI on 9 March 2023. And he was told that the offer had expired in December 2022, Mr K said that his policy had been incepted prior to the expiration of the policy. The agent took the details and escalated Mr K's concerns. On 14 March 2023 UKI sent Mr K his refund of £46.86. UKI said the cause of the delay was that Mr K had input the details incorrectly.

But UKI after further investigation has confirmed to us that the reason the refund wasn't sent after Mr K entered his mileage at the end of the policy was because his first mileage reading was sent the day before the policy's inception, so the process had failed. On Mr K contacting them they'd tried again, and the refund was successfully sent.

I can understand Mr K's frustration as in their final response letter UKI said he'd incorrectly input his mileage details. As outlined above when Mr K received his policy documents it was worded *"Give us your first mileage reading now - or as soon as possible"*. I haven't seen any wording that tells Mr K he needed to send his mileage after the policy had been incepted.

I'm pleased UKI paid Mr K his refund of £46.86 but the process has caused him unnecessary distress and inconvenience. Mr K said he spent over an hour on the call 9 March 2023. On listening to the call the agent at the start apologised to Mr K for his long wait. She also said the offer had expired, but rightly as Mr K pointed out his policy had begun before the expiration of the offer. And so he'd a valid claim.

Putting things right

I know Mr K has asked for compensation of £500 for the time he'd spent trying to get this resolved. But it's not our role to punish a business but to look to put things right when something has gone wrong. I'm pleased Mr K has received his refund albeit a couple of weeks later than he should have. But he did have to take time out of his busy schedule to get the matter resolved with UKI and spent around an hour on his call with UKI. So, I agree with our investigator that £50 is a fair and reasonable amount for the distress and inconvenience this caused.

My final decision

I uphold this complaint. And ask U K Insurance Limited trading as Direct Line Car Insurance to pay Mr K £50 for the distress and inconvenience caused by poor customer service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 August 2023.

Anne Scarr
Ombudsman