

The complaint

Mr G and Miss T complain about an error made by First Central Insurance Management Limited in the administration of their car insurance policy

What happened

Mr G and Miss T have car insurance arranged and administered by First Central. The policy is actually underwritten by a different company.

In July 2022, Mr G and Miss T informed First Central that they wanted to change the car on the policy. Their previous car had been written off.

First Central failed to change the car details on the policy as they'd promised to do. The policy renewed in September 2022 – with the wrong car still listed and the right car not featuring in the policy documents at all.

Mr G and Miss T eventually became aware of this error and ceased to make direct debit payments for their policy in March 2023 – on the basis that they hadn't received the service for which they'd paid.

This led to First Central cancelling the policy and asking Mr G and Miss T to pay off the arrears on their premium payments.

Mr G and Miss T weren't happy about this and made a complaint to First Central, who admitted their error in not updating the car details on the policy when they were asked to do so.

First Central offered Mr G and Miss T £150 in compensation for their trouble and upset. And they decided not to charge Mr G and Miss T the addition to the premium - which ought to have been increased when the new car was added to the policy.

First Central have also issued a written note confirming that Mr G and Miss T would have been covered – for their new car – during the period the wrong car appeared on the policy as a result of their error.

Mr G and Miss T weren't happy with this outcome and brought their complaint to us. They thought the compensation offered by First Central was insufficient given the trouble and upset they'd been caused.

After we began our investigation, First Central increased their compensation offer to £300. They'd already sent Mr G and Miss T a cheque for £150, but said they'd offset a further £150 against the payments still owed them by Mr G and Miss T.

Mr G and Miss T still thought the compensation offered was insufficient. Our investigator thought the offer was fair, although she said First Central should pay the £300 direct to Mr G and Miss T and not offset it against the amount they said was still owed.

Mr G and Miss T disagreed and asked for a final decision from an ombudsman.

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.

First Central have fully admitted their error in July 2022. At that time, Mr G and Miss T notified them of the change of car and asked them to amend the policy. They failed to do so.

The issue might have been picked up by either party in September 2022 when the policy renewed. First Central didn't pick it up, but nor did Mr G and Miss T when they received the renewal offer and later confirmation of renewal.

Mr G and Miss T didn't have to make a claim during the period the wrong car was listed on the policy. So, the error had no impact on them in that respect.

First Central have assured Mr G and Miss T that they were on cover in the relevant period. Mr G and Miss T have questioned that - on the basis that it's easy for First Central to say that now.

However, given the original error was First Central's, I am satisfied they would have been bound to respond to any claim made by Mr G and Miss T in that period.

Putting things right

Mr G and Miss T say they *might* have had to make a claim in the relevant period – and that they *may* not have been covered. And so, the compensation they've been offered is insufficient given the gravity of (unknowingly) driving without insurance.

In fact, they didn't have to make a claim. And, as I say, I'm satisfied they would have been covered in any case had they needed to make a claim. So, there was no impact on Mr G and Miss T resulting from the error in terms of any claims or potential claims.

I can understand that Mr G and Miss T felt upset when they realised the error. And they then had the inconvenience of having to contact First Central to clarify the position – and tell them again that their car had changed.

I can see that this might have been stressful and worrying for the short period of time before First Central admitted their error and assured Mr G and Miss T that they had in fact been on cover.

However, I can't see that Mr G and Miss T can have suffered any worry or stress before March 2023, when they reported the error to First Central, because I assume they were up until that point blissfully unaware of the issue. If they were aware sooner, they ought to have reported the issue sooner.

So, as a result of First Central's error – compounded by the failure of either party to notice the wrong car details at renewal – Mr G and Miss T have suffered a degree of worry and stress for a relatively short period and have had the inconvenience of having to contact First Central to notify them of the problem.

There's no suggestion that First Central didn't respond entirely appropriately and fairly speedily once they had been contacted.

On that basis, I agree with our investigator's view that £300 in total in compensation for Mr G and Miss T's trouble and upset is fair and reasonable.

I'll leave it to First Central and Mr G and Miss T to decide how that payment is made – and whether the original cheque for £150 sent to Mr G and Miss T is returned, cancelled or cashed. The important point is that Mr G and Miss T are paid £300 in total as soon as is practicable.

For the sake of absolute clarity, I should say that I also agree with our investigator that it would be unfair for First Central to offset that compensation payment against any sum owed to them by Mr G and Miss T. If Mr G and Miss T choose to use that money to settle all or part of any debt to First Central, that's up to them.

My final decision

For the reasons set out above, I uphold Mr G and Miss T's complaint.

First Central Insurance Management Limited must pay Mr G and Miss T £300 in compensation for their trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Miss T to accept or reject my decision before 30 November 2023.

Neil Marshall
Ombudsman