

The complaint

Mr M has complained that First Central Insurance Management Limited is pursuing him for a debt for a car insurance policy Mr M says he didn't set up. He is unhappy that First Central acknowledges two other policies were set up fraudulently, but not a third policy. Mr M says he has never set up a policy with First Central.

What happened

In August 2022 First Central wrote to Mr M to say it had identified two policies that had been set up in his name which it believed to be by somebody impersonating Mr M.

It asked Mr M to provide his driving licence if he had set up the policies. In response, Mr M confirmed he had never bought a policy with First Central. First Central said it would cancel the policies and add a marker on a fraud prevention database to show Mr M had been a victim of identity theft.

In December 2022 First Central passed a balance it said Mr M owed for a third policy ending in '99' to a debt recovery agent (DRA). First Central said this related to a balance owed under a correct policy Mr M had with it since 2017, which he cancelled in 2020. First Central said it had asked Mr M to pay this balance since then, but because he hadn't paid it, it had correctly passed the debt to a DRA.

In December 2022 Mr M complained to First Central. He said he had never bought a policy with it and he didn't owe the debt. He said its error created a negative marker against his credit record.

Mr M provided us with a copy email from the DRA dated 12 January 2023 which confirmed it had cancelled the debt and passed it back to its client, First Central. The DRA said no negative credit marker would be added by it in relation to this debt. The DRA apologised to Mr M by email on 14 January 2023.

On 21 February 2023 First Central replied to Mr M's complaint by email. It said it would remove all adverse credit markers in relation to the policy ending '99'. It apologised for the upset caused and said it would send Mr M £75 compensation by cheque. It said it had contacted the DRA to confirm this policy (ending in '99') had been taken out fraudulently and that Mr M didn't need to pay the outstanding balance.

However, on 27 February 2023 First Central emailed Mr M to say it didn't agree the policy ending in '99' had been set up fraudulently. The reason given was that it said Mr M had been in touch with First Central over the four year period this policy had been in place (as it had automatically renewed since 2017).

In February 2023 Mr M asked us to look at his complaint. He said he's never lived at the address for the policy ending in '99' and had never bought a policy with First Central.

Our Investigator asked Mr M to provide evidence of insurance elsewhere. Mr M provided a screenshot of a renewal confirmation notice with another insurer in August 2020. This

showed different car registration details to the one First Central held a policy for in Mr M's name, since 2017. He also provided a screenshot from CIFAS to show that in September 2022 First Central had recorded attempts had been made to impersonate Mr M in order to buy policies with it.

First Central provided us with a copy of information held in Mr M's name under a central database. It said this showed Mr M had made a number of claims and that he had set up a replacement policy with another insurer the day after he cancelled the '99' policy with it in 2020.

First Central said according to the electoral role Mr M lived at the address which matched the '99' policy from 2017 to 2020.

Our Investigator didn't recommend the complaint should be upheld. He thought First Central had acted reasonably. He was satisfied that Mr M had cancelled the policy ending '99' shortly after its renewal date in December 2020 and correctly owed a balance. As the database showed a policy had been taken out in December 2020 with another insurer, and the electoral role showed the address matched the policy First Central held since 2017, the Investigator thought First Central was entitled to pursue Mr M for the debt.

Mr M didn't agree. So the case was passed to me to decide.

I issued a provisional decision on 16 October 2023. I didn't think First Central had shown it had acted reasonably and so I recommended Mr M's complaint should be upheld. I thought First Central should put things right by removing any negative credit marker against Mr M's record for the debt which it should write off, and pay him compensation of £400 for the distress and inconvenience caused.

Mr M is happy with the findings in my provisional decision but is disappointed with the compensation award as he doesn't feel it reflects the level of inconvenience he has been caused dealing with the issue.

First Central provided activity logs which it says shows the correspondence it sent to Mr M. It says during the policy term it received evidence that Mr M lived at an address listed for the policy in question. It hasn't provided any new evidence to support this statement.

So as both parties have replied to my provisional decision, the case has been passed back 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.

Having done so, my final decision is along the same lines as my provisional decision.

I asked First Central to provide evidence it informed Mr M of the debt it said he owed under the policy ending in '99' - so that First Central could demonstrate it had acted fairly. But First Central has failed to provide evidence to show how it informed Mr M of the debt.

According to a central database where insurers record policy and claims information about policyholders, First Central's policy lapsed on 29 December 2020, the day after the start (renewal) date of 28 December 2020. First Central says Mr M owes a balance, so it must be able to explain what that balance is for - and provide reasonable evidence to show it explained this to Mr M as it seems the policy was cancelled after the renewal date.

As it hasn't done this, it follows that I find it unreasonable of First Central to have pursued Mr M for a debt it cannot show was justifiably owed - or that it let Mr M know about the balance to give him an opportunity to either pay it or review it before it was passed to a debt recovery agent.

In response to my provisional decision., First Central has provided a screenshot of activity logs which list dates and types of communication: email, SMS, letter. But they don't show me what they are for and what they said. And so it remains that First Central hasn't shown what the debt was for and how this was explained to Mr M. So it doesn't change my view from my provisional decision.

This means I think First Central has acted unfairly and should put things right.

I think First Central should provide Mr M with a letter confirming it has pursued a debt for policy ending '99' in error. It should arrange for the removal of any negative credit markers against Mr M in relation to this debt for this policy.

I don't think First Central has provided persuasive evidence to show that the policy ending in '99' was correctly set up by Mr M, compared to its discovery of two other policies which it says were attempts by an identity thief.

The database screenshot provided by First Central shows a number of policies with different addresses and registration details for vehicles in the name of Mr M.

Mr M has provided us with a screenshot of a renewal invitation with a different insurer for August 2020 for a different car to the one First Central provided insurance for, at a different address. As this is a renewal invite, it means Mr M held a policy with this insurer from August 2019. This policy is listed on the database along with other policies which appear to overlap and are for different vehicles at different addresses.

So - I don't think First Central has acted reasonably. It hasn't provided evidence to show why Mr M owes a balance, or that it informed him of the balance to allow him the chance to pay it before passing it to a debt recovery agent.

I don't know if this policy was set up fraudulently - and it isn't for me to decide this. But I don't think First Central has provided reasonable evidence to support why it believes this one is correct, compared to the policies it found to be fraudulently set up.

So I think First Central needs to put Mr M back in the position he would have been in - before First Central said he owed a balance - and before the fraudulent policies were set up in Mr M's name.

I think First Central should pay Mr M £400.00 compensation for the distress and inconvenience its failings have caused him. This is because of the worry about the potential impact on his credit rating, the distress and inconvenience of being pursued for a debt and his time in attempting to resolve the issue with First Central

I understand Mr M is disappointed with the level of compensation I'm awarding. I appreciate that he has had to spend considerable time dealing with First Central about this matter. But the awards we give are modest, and I think £400, along with putting Mr M back in the position he would have been had First Central not acted as it did, is enough to resolve his complaint.

My final decision

My final decision is that I uphold this complaint. I require First Central Insurance Management Limited to do the following:

- If First Central has added a negative marker to Mr M's credit file - or the Debt Recovery Agent has on behalf of First Central, it needs to arrange for their removal. For the avoidance of doubt, I agree that First Central should add a marker to alert other companies to the fact that Mr M has been the victim of identity theft in relation to the policies identified. If it hasn't already done so, it should arrange this with immediate effect.
- Provide Mr M with a letter confirming it has incorrectly pursued him for a debt owed under policy ending in '99'.
- Pay Mr M £400.00 compensation for the distress and inconvenience caused by its failings.

First Central Insurance Management Limited must pay the compensation within 28 days of the date on which we tell it Mr M 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 Mr M to accept or reject my decision before 23 November 2023.

Geraldine Newbold
Ombudsman