

## The complaint

Mr F is unhappy that, following an insurance claim, UK Insurance Limited trading as Churchill Insurance ('UKI') paid the settlement to the incorrect company.

Mr F is being represented in this matter by his partner Miss A. However, for ease of reference, I'll refer to any actions or comments by either Mr F or Miss A as being done or made by Mr F.

## What happened

In March 2023, Mr F's car was stolen. The car was financed by Miss A with Company A and, on 14 March 2023, UKI agreed to settle the claim. Miss A obtained a settlement quote for the finance from Company A. This confirmed the settlement figure needed to be paid to Company A, and details for paying by either BACS or CHAPS, were provided. Mr F sent this settlement quote to UKI.

On 4 April 2023, UKI settled the claim by sending a cheque to Company B. While Company A and Company B have the same word within their name, and belong to the same group, they are separate legal entities. Mr F complained to UKI that the finance hadn't been settled, and UKI confirmed that Company B had acknowledged receipt of the payment. And, on 28 June 2023, they told Mr F *"we know that the moneys left our account but until we know exactly which account the moneys cleared we will be unable to assist your finance company in tracing these funds."* They also confirmed Company B had received the cheque.

UKI acknowledged some elements of their service could be better, and they paid Mr F £249 compensation. Mr F wasn't happy with this, as Miss A was still paying the finance, despite no longer having the car. So, he brought his complaint to us for investigation.

Our investigator said that Company A and Company B were separate legal entities. And UKI had made an error in not following the settlement instructions provided, and instead paying the settlement (as part of a bulk payment) to Company B instead. So, she thought they needed to do something to put things right. She said that UKI should pay the settlement figure to Company A and pay Mr F an additional £100 compensation for what had happened. She also said that UKI should then contact Company B to recover the money they paid in error, but this shouldn't affect Mr F's claim.

UKI didn't agree with the investigator, and they said that Company A and Company B *"are basically to be treated as the same [company] as they are part of the same group."* However, while they didn't accept they'd done anything wrong, UKI confirmed they'd now reissued the payment to Company A, and would pursue Company B for the return of the payment they'd previously sent.

Mr F also didn't agree with the investigator. He said that he's had to take out a £5,000 loan to be able to continue to pay the finance company, as well as needing to buy a new car. He also didn't think the compensation offered was sufficient *"for the financial difficulties and stress [UKI] have put both myself and my family through."* However, when asked to provide some evidence of this additional loan, Mr F didn't do so.

Because neither party agreed with the investigator, this matter has been passed to me to make 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.

Before I address the issues raised, it would be useful if I explained the scope of my powers. I've seen UKI's policy renewal documentation dated 24 October 2022, and it's clear the policy is in the sole name of Mr F. Because of this, only Mr F is UKI's customer. So, when looking at what, if anything, UKI need to do to put things right, I can only consider the impact this has had on Mr F.

For clarity, as the finance agreement was in the sole name of Miss A, I won't be able to consider the fact that she's had to continue making the finance payments while this matter has been ongoing. However, as making these payments would reduce the amount outstanding, I'd expect there to be a difference between the settlement amount paid by UKI and the reduced amount outstanding on the finance agreement because of the additional payments made. So, I'd expect this difference to be refunded to Miss A by the finance company.

Mr F has also said he's had to take out a loan for £5,000 to cover the finance payments. For the reasons already given, I won't be considering the finance payments. What's more, Mr F hasn't provided any evidence of this loan, so it won't form part of my consideration.

Finally, Mr F has said he's had to buy a replacement car. But this is as a result of the car insured by UKI being written off and isn't as a result of where the funds were paid. As replacing the car was always something Mr F would need to do following an insurance write-off, it also isn't something that I'll be considering.

I've seen the payment instructions provided on the settlement quote by Company A. And I've also seen the details of the payment made by UKI to Company B. And these details don't match. As such, regardless of whether Company A and Company B should be treated as the same, I'm satisfied that UKI didn't follow the payment instructions provided to them. And in not doing so, this resulted in the funds not reaching where they should. As such, I'm satisfied that UKI should do something to put things right.

### **Putting things right**

The investigator recommended UKI should make a payment to Company A, to settle Mr F's insurance claim, and then take separate steps to recover the money they incorrectly sent Company B. Given the circumstances, I think this is reasonable. And, while UKI say they have now done this, I haven't seen any evidence this has actually been the case.

The investigator also recommended that UKI pay Mr F an additional £100 compensation. While I appreciate that they've already paid him £249, their final complaint response letter has confirmed this was for failings when dealing with his complaint. And this wasn't meant to address the impact of the settlement funds being paid to the wrong company, as UKI didn't believe they'd done this.

However, for the reasons already given, I'm satisfied that UKI did make an error when making the payment. And it's clear that this has had an impact on Mr F, causing him additional stress and inconvenience while this matter dragged on. As such, the £100

recommended by the investigator is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision.

Therefore, if they haven't already done so, UKI should:

- send the £12,365 to settle Mr F's insurance claim to Company A, using the details provided to them on the settlement quotation; and
- pay Mr F an additional £100 to recognise the additional stress and inconvenience their error caused.

### **My final decision**

For the reasons explained, I uphold Mr F's complaint about UKI UK Insurance Limited trading as Churchill Insurance. And they should follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 December 2023.

Andrew Burford  
**Ombudsman**