

## **The complaint**

Mr B complains about the service he received from U K Insurance Limited trading as Direct Line (“UKI”) after another driver claimed his vehicle was involved in an accident.

## **What happened**

In mid-2023, UKI informed Mr B that a third-party driver had claimed his vehicle was involved in an accident. Mr B denied any involvement in the accident. He said he wasn’t in the area where the accident was said to have happened on the date it was claimed it occurred.

Shortly afterwards, Mr B received his renewal documents and found that the premium had increased significantly. He says when he spoke to UKI, he was told this was due to market conditions, but he was later told that it was because of the third-party claim.

Mr B asked UKI to offer two renewal quotes – one with the claim and one without. But he was told this wasn’t possible. He was also unhappy that the claim had been shared with other insurers. So, he raised a complaint with UKI.

UKI said it had received notification from the third-party insurer in July 2023. It was unable to prevent them from making accusations and was only able to raise Mr B’s version of events and request evidence to prove he was at the scene.

UKI said it needed to allow the third-party insurer a minimum of 90 days to provide evidence of Mr B’s involvement. Mr B’s renewal date was in September and the earliest UKI could close the file was in October. This meant it was unable to close the claim prior to the renewal date. It said the third-party insurer would have recorded data onto the Claims and Underwriting Exchange (CUE) database and it couldn’t prevent them from doing so.

UKI said it hadn’t responded to one of Mr B’s emails within its timescale. It apologised for this and said it would be sending Mr B £50 to compensate him for the delay.

Mr B remained unhappy and asked our service to consider his concerns.

Our investigator didn’t think Mr B’s complaint should be upheld. He didn’t think UKI had acted unfairly with regard to its handling of the claim and not providing a “no claim” premium quote. He thought the £50 UKI had paid Mr B was reasonable compensation for the customer service issues he’d complained of.

Mr B disagreed with our investigator’s outcome. He said he was consistently lied to and UKI never intended to refund the overpayment. The £50 compensation was for the delay in replying, not for the constant misinformation about the excessive premium and no process to explain how he could apply for a refund. He said he believed he was flagging a systematic approach by insurers to inflate prices and mislead customers. So, the complaint has been passed to me 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've decided not to uphold Mr B's complaint. I'll explain why.

Mr B has raised concerns about what he believes to be the systematic approach of insurers to inflate pricing and mislead customers. To be clear, the Financial Ombudsman Service isn't the regulator. That is the role of the Financial Conduct Authority (FCA). My role is to consider if UKI has treated Mr B fairly and reasonably taking into account relevant law, regulations and industry practice.

I understand Mr B is unhappy that his insurance premium increased as a result of the open claim on his policy. This was no doubt frustrating for him. However, it's usual practice for an insurer to record a claim as a fault claim while investigating the circumstances of an alleged incident. UKI has explained to Mr B that it needed to allow the third-party insurer 90 days to respond with evidence of Mr B's involvement in the incident. It also told Mr B that it would be able to revise and refund any extra amount he'd been charged at renewal if the third-party insurer didn't provide this evidence. It's unfortunate that the 90 day period covered the time Mr B's policy was due to renew. But I don't think UKI was wrong to charge Mr B a higher premium while the claim remained open.

Mr B also raised concerns that UKI wouldn't provide him with two quotes so he could see the impact of the open claim on his premium. However, UKI told him its system couldn't generate a figure for him without the claims data included. It's not our services role to tell a business what processes and systems to put in place. I appreciate Mr B feels he was treated differently to other people because the 90 day period to investigate the claim fell over his renewal date. But I've seen nothing to suggest that he's been treated differently to other customers who happened to have an open claim at the time of renewal. So, I'm not persuaded that UKI has treated him unfairly here.

Mr B has also complained that UKI shared claim information on a central database which meant his quotes from other insurers were higher. UKI says the third-party insurer put the information on the CUE database. Insurers have a duty to make accurate records on CUE. So, while I understand this was frustrating for Mr B, UKI couldn't reasonably close the claim on CUE until the relevant time frame for the third-party insurer to provide further information had passed.

Mr B says he asked UKI multiple times why his premium had gone up and was told this was due to market conditions. He says he wasn't told his renewal premium was impacted by the open claim.

UKI says it's not standard procedure to go through every detail on a renewal quote. It says its renewals department was not incorrect in stating that market conditions caused an increase in renewal premiums as this was true. It would expect a conversation about refunds if a customer asks what would happen in the event of an open claim closing as a non-fault claim during the policy year, but it was not standard procedure to run through all of this information.

UKI hasn't provided any notes or recordings of Mr B's conversations with its renewal team. So, I've accepted what Mr B has said about this.

Mr B says his premium had almost doubled and I think the open claim is likely to have been a significant factor in the increase. I would have expected UKI to explain this to Mr B when

he queried why the renewal premium had gone up. It should also have explained that his premium could be adjusted in the event that there was no further evidence from the third-party, sooner than it did.

Mr B has suggested that UKI wouldn't have automatically adjusted his premium and offered him a refund once it was established that the third-party claim was false. However, I can't consider what might have happened, only what has happened and the impact of this on Mr B.

It's unfortunate that the premiums Mr B was quoted for by UKI and other insurers were impacted by the open claim on his policy. However, I don't think UKI is responsible for this. I do think UKI's communication with Mr B could have been better. However, using financial services won't always be totally hassle free and our service won't always award compensation. I think the £50 UKI has already paid Mr B is sufficient to compensate him for the impact of its poor communication on him. So, I don't require it to do anything further.

### **My final decision**

For the reasons I've explained, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 March 2024.

Anne Muscroft  
**Ombudsman**