

The complaint

Mrs S was unhappy that her motor policy was cancelled by Liverpool Victoria Insurance Company Limited ("LV"), and that a fraud marker was recorded against her name.

What happened

Mrs S was referred by a friend to a broker who incorrectly set-up her motor policy on her behalf. Mrs S had provided her information to the broker and paid a fee for the service. Mrs S had previously been paying a high amount for her insurance and wanted to reduce this.

Although, Mrs S had told the broker she had an international driving licence, the broker informed LV that she had a UK driving licence. Providing the wrong information resulted in Mrs S benefitting from lower priced insurance. LV said had it known the correct details it wouldn't have provided cover at all.

When LV became aware of the wrong information, it cancelled Mrs S' policy and placed a fraud marker on her name, which has resulted in Mrs S not been able to purchase affordable insurance elsewhere.

Our investigator decided to uphold the complaint. He said Mrs S was victim of an unscrupulous broker and was unaware that the broker was trying to lower the premiums fraudulently. He thinks LV should pay £100 for the distress and inconvenience caused, as well as removing any cancellation markers from Mrs S' record and record her fraud status as victim. LV disagreed, so the case has been referred to 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.

I issued a provisional decision on this on 15 January 2024. I said:

"LV demonstrated that it cancelled Mrs S' policy in line with the policy terms. In accepting our investigator's earlier decision, Mrs S has indicated she agreed with LV's approach here, so I won't consider this point any further.

I've also noted that LV has already said it's willing as a goodwill gesture to notate the fraud marker against Mrs S' name to show she herself was victim of a fraud. As Mrs S also accepted this point in our investigator's decision, I won't consider this point any further.

Therefore, the only outstanding part of this complaint is the level of compensation. Our investigator recommended £100, which Mrs S accepted. However, LV thought this was unreasonable. So, I will consider what I think is fair.

I appreciate this may have been a difficult period for Mrs S, but it's important to identify whether LV themselves caused any of the problems. I don't think it did, so I don't intend to award compensation.

I appreciate Mrs S didn't directly cause the fraud. I think this is why LV have been reasonable in notating her fraud marker. However, I think LV has shown it was also suspicious about other information provided by Mrs S' broker. I don't think it's fair for Mrs S not to take some responsibility for what has happened. She chose her broker, and she didn't take any responsibility for checking the cover taken out on her behalf was correct.

I would think Mrs S may have been suspicious about the cover provided when her premiums were reduced significantly compared to what she was previously paying. Therefore, on balance, I think Mrs S could've done more herself and I don't think it's fair to put the blame at LV's door.

So, I don't intend to award compensation. However, I do intend to keep the parts of the investigator's decision that both parties have already agreed to".

Responses to my provisional decision

LV didn't comment whether it accepted my provisional decision. It confirmed it didn't have anything further to add.

Mrs S agreed with my provisional decision, and she didn't have anything further to add.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to:

- Remove any cancellation marker
- Record Mrs S' fraud status as victim

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 15 February 2024.

Pete Averill
Ombudsman