

## **The complaint**

Mr A has complained that Haven will not provide a refund of premium on his short-term taxi insurance policies despite having a claim incorrectly recorded as open, which he thinks affected his premiums.

## **What happened**

Mr A had several short term taxi policies with Haven. During one of the policy terms he let Haven know about an incident where a third party driver accused him of hitting their vehicle. Haven set up a claim against Mr A, which it defended. It kept the claim as open, but closed it as non-fault in October 2021, once it was sure the third party wasn't going to pursue a claim.

Mr A has said he contacted Haven and his insurance broker and was originally told the claim was closed in April 2023. But he later discovered it was closed in October 2021, but incorrectly recorded as open until May 2023. So, he asked Haven to provide a refund of the extra premiums he'd paid due to the claim being open for longer than it should have been. Haven refused to provide refunds. So Mr A complained. Haven issued a final response saying it did not provide premium refunds on short term taxi policies of less than 91 days.

Mr A asked us to consider his complaint. One of our investigators did this. She said Haven should have recorded the claim as closed earlier and in not doing so had treated Mr A unfairly. She said that in view of this Haven should recalculate the premiums on any policies Mr A had with it that started between 15 October 2021 when the claim was closed and 23 May 2023 on the basis of Mr A's claim being recorded as closed non-fault. And that it should refund him the difference between these premiums and what he paid, plus interest. In doing so, she pointed out the term Haven had referred to in order to justify not providing refunds was a policy cancellation term, which was irrelevant so far as Mr A's situation was concerned. She also said Haven should pay Mr A £200 in compensation for the distress and inconvenience its error in not recording the claim properly from October 2021 had caused him.

Haven doesn't agree with the investigator's view and has asked for an ombudsman's 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.

From the evidence available it seems clear that Haven should have recorded the claim against Mr A as a closed non-fault claim on its system and the central database for recording claims (the Claims and Underwriting Exchange (CUE)) with effect from 15 October 2021. And it also seems clear Haven did not actually do this on its own system until 23 May 2023.

This means I agree with our investigator that Haven treated Mr A unfairly and contrary to its obligations under the Insurance Conduct of Business Sourcebook by not recording the claim against him as closed in October 2021 when it should have done. I also agree this is most

likely to have caused Mr A a financial loss, because the premiums for any short-term policies with Haven that started in this period were calculated on the basis he had an open fault claim on his record, when they should have been calculated on the basis he had a closed non-fault claim on it. So, I think Haven should recalculate the premium of any policy that Mr A had that started in the period 15 October 2021 to 23 May 2023 on the basis he had a closed non-fault claim on his record and refund him the difference between the premium he paid and what the recalculated premium is. I also think Haven should pay interest on the difference from the date Mr A paid each premium to the date of reimbursement to compensate him for being without funds he should have had.

I think I should say that even a closed non-fault claim can impact the premium an insurer charges. So Mr A should be aware that even the recalculated premiums may not be at the same sort of level as what he was paying before the third party said they wanted to make a claim against him.

I've noted Haven's reference to the policy term in Mr A's policies that states refunds of premium aren't given under policies that last less than 91 days. But, like our investigator, I do not think the term is relevant, as it only applies if the policy is cancelled.

I also agree that Haven's failure to record the claim as closed when it should have done caused Mr A unnecessary distress and inconvenience and that this warrants a compensation payment of £200.

### **Putting things right**

For the reasons set out above, I've decided to uphold Mr A's complaint about Haven and require it to do the following:

- Recalculate the premium of any policy that Mr A had that started in the period 15 October 2021 to 23 May 2023 on the basis he had a closed non-fault claim on his record instead of an open fault claim and refund him the difference between the premium he paid and what the recalculated premium is.
- Add interest to any refunds due to Mr A at 8% per annum simple\* from the date Mr A paid the original premium to the date Haven reimburses the difference.
- Pay Mr A £200 in compensation for distress and inconvenience. Haven must pay this compensation within 28 days of the date on which we tell it Mr A accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple\*.

\* Haven must tell Mr A if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr A if asked to do so. This will allow Mr A to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

### **My final decision**

I uphold Mr A's complaint and order Haven Insurance Company Limited to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 April 2024.

Robert Short

**Ombudsman**