

The complaint

Mr H has complained about the way Society of Lloyd's (SOL) handled two claims under his Taxi insurance policy. He's also complained that SOL refused to renew his policy.

Mr H's policy is underwritten by a syndicate at SOL, but for the sake of ease I've referred to SOL throughout this decision.

What happened

SOL were notified of an incident involving Mr C by a third party insurer (TPI) on behalf of its policyholder in October 2022. Mr C let SOL know he didn't think he was responsible for the incident, but he explained that he didn't want to claim for the repairs to his vehicle unless the TPI accepted liability. There was some correspondence between SOL and the TPI during which SOL said Mr C wasn't responsible for the incident and in which it requested further evidence from the TPI. The TPI confirmed it had closed the claim on 1 November 2023.

Mr C contacted SOL after he was involved in another incident in November 2022, in which he said a third party driver pulled out from a parked position and collided with his vehicle. As SOL initially considered Mr C wasn't at fault, it referred him to a vehicle rental company, who I'll refer to as C, so they could handle the claim for the repairs to Mr C's vehicle and provide him with a hire vehicle if required. In March 2023 the TPI contested liability and this meant C could no longer continue handling the claim for Mr C and it was referred back to SOL. SOL contested Mr C's liability and asked for evidence from the TPI to support its view that Mr C was at fault.

Mr C made two complaints to SOL. In the first one he complained about how long it was taking to close his claim or claims and about the fact this meant he couldn't transfer his no claim discount to his new insurer. He then appears to have made a further complaint about the fact SOL wouldn't renew his policy and that he had to pay his excess if he wanted his vehicle repaired, even though he was not at fault for the incident in which it was damaged. And he mentioned that he was renting a vehicle at £250 per week.

SOL issued two final responses in July and August 2023. In these it explained that claims need to remain open for 12 months when liability is disputed. It also explained that Mr C could opt to claim under his policy for his vehicle to be repaired, but would need to pay the £350 policy excess up front if he did so. SOL also explained the decision not to renew his policy was in part due to a decision by his broker not to arrange a policy for him due to the age of his vehicle. And in part due to the fact he had two open claims at the time his policy came up for renewal. Finally SOL explained that because the claim following the incident in November 2022 remained open and liability was in dispute, Mr C's no claim discount would remain affected. But SOL did say it would pay Mr C £100 in compensation as a goodwill gesture.

Mr C asked us to consider a complaint about the things I've mentioned above, including the poor handling by SOL of the claim against him following the incident in October 2022.

One of our investigators considered Mr C's complaint. She said that SOL weren't proactive

enough when handling the claims against Mr C. And that its communication with Mr C wasn't at the standard she would have expected. She felt this had caused Mr C unnecessary distress and inconvenience. She also felt SOL weren't clear enough on the reason it would not renew Mr C's policy and that this would have caused him further frustration. The investigator felt this warranted a compensation payment of £350. However, the investigator didn't think SOL had done anything wrong with regards to the claim for the repairs to Mr C's vehicle.

Mr C wasn't happy with the investigator's view and asked for an ombudsman's decision. SOL has not responded to the view.

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 agree with our investigator that SOL should have been more proactive with its handling of the claim against Mr C following the incident in October 2022. I say this because there were two long periods where SOL did nothing at all. And, while I note it was waiting for a response from the TPI in these periods, I think it could have chased these up. And, if it had done so, I think the TPI would have agreed to close the claim earlier than November 2023. I also consider SOL could have kept Mr C better informed about what was happening. The fact it was not proactive and didn't keep Mr C very well informed clearly caused him a great deal of frustration. And I agree with the investigator that SOL should pay compensation for the distress and inconvenience Mr C experienced because of its lack of action and poor communication at times on this claim.

As there was a potential claim against Mr C as a result of the October incident, SOL was entitled to reduce his no claim discount when his policy came up for renewal. I appreciate Mr C is adamant he wasn't at fault for the incident, but the TPI suggested otherwise, and this meant there was an outstanding claim against his policy at renewal. And, even if SOL had been more proactive in the handling of the claim following the incident in October 2022, I don't think it would have closed before Mr C's policy came up for renewal in February 2023. So, any effect on Mr C's no claim discount on the new policy he took out in February 2023 was not due to any failing on SOL's part. And if his no claim bonus is reinstated in part or in full as a result of this claim now being closed he can contact SOL for proof of this and let his new insurer know and ask it to apply it to his policy. Of course Mr C should have been able to do this earlier, but wasn't because his claim following the incident in October 2022 was closed later than it should have been. This would also have caused Mr C distress and inconvenience.

I appreciate the claim following the incident in November 2022 continued after SOL issued its final response in August 2023. But I can only comment on what happened up to this point. As far as I can see SOL were fairly proactive on this claim and kept Mr C fairly well informed on it up to August 2023. I appreciate it was frustrating for Mr C that it wasn't resolved by this time, but this was because the TPI disputed liability and not due to poor handling by SOL. And liability was still in dispute when SOL issued its final responses in July and August 2023. I can't consider what happened after this point as part of this complaint. But, I understand we have told SOL Mr C wants to make a new complaint about the fact the claim is still not closed. If this claim is still open it could still be affecting his no claim discount.

I also agree with our investigator that SOL were not clear enough on the reason it wouldn't renew Mr C's policy. It said this was because he had two open claims when it was actually because he'd had three claims in the last five years. This clearly led to unnecessary distress and inconvenience for Mr C, as it made him think he was being penalised for SOL's failure to

be proactive on his claims and close them. But I am satisfied from the underwriting evidence provided by SOL that it treated Mr C the same as other customers in not offering renewal because he'd had three claims in the previous five years. I appreciate Mr C was also told that his policy couldn't be renewed due to the age of his vehicle, but this was something his broker decided. They are independent and their decision on this had nothing to do with SOL.

I also agree with our investigator that it was Mr C's choice not to have his vehicle repaired under his policy because he didn't want to pay the policy excess. And because it's normal for a customer to pay the excess up front if they claim under their policy, I do not consider SOL did anything wrong in requiring this. Of course SOL may have waived the excess if it had got an admission of liability from the TPI, but it didn't and it seems the TPI simply wasn't willing to accept its insured driver was responsible. So, it was up to Mr C whether he wanted to claim. But this meant paying his excess. Therefore, he chose not to and it seems he eventually got his vehicle repaired and paid for it. And he was also paying to rent a vehicle, although I am not sure whether this was because he couldn't use his normal one. But the fact Mr C's vehicle wasn't repaired and that he was paying to rent a vehicle wasn't as a result of anything SOL did wrong. So I do not consider SOL needs to cover any rental costs Mr C incurred. But, as I've already said Mr C should still be able to claim for the repairs to his vehicle.

In summary, I've considered the distress and inconvenience Mr C experienced due to the lack of action at two points on the claim following the incident in October 2022. And the distress and inconvenience caused by SOL's poor explanation of the reason for not renewing Mr C's policy. As well as the distress and inconvenience as a result of not getting his no claims bonus reinstated as early as should have been the case. And I consider a further payment of £350 in compensation is appropriate for this.

I appreciate Mr C has said he should get more compensation, as he has had to pay out for the repairs for his vehicle and for a new insurance policy. But it is not appropriate for me to award more compensation because of this, because these are not losses I consider flow directly from poor service provided by SOL. Mr C could have claimed for the repairs to his vehicle and he can still do so, subject to paying the £350 excess under the policy. If liability on the outstanding claim from November 2022 has now been accepted by the TPI it may be that SOL will waive the excess, but this will be up to it to decide. The compensation I am awarding is purely for the distress and inconvenience Mr C experienced as a result of some poor claim handling by SOL and the poor explanation on why it wouldn't renew his policy.

Putting things right

For the reasons set out above, I have decided to uphold Mr C's complaint about SOL and make it pay him a further £350 in compensation for distress and inconvenience. SOL must pay this compensation within 28 days of the date on which we tell it Mr C 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.

My final decision

I uphold Mr C's complaint and order SOL 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 C to accept or reject my decision before 24 April 2024.

Robert Short
Ombudsman