

The complaint

Mrs K complains about how U K Insurance Limited (UKI) dealt with a claim against her motor insurance policy. Reference to UKI includes its agents.

What happened

In summary, Mrs K had a motor insurance policy underwritten by UKI. The policy relevant to this complaint was for the period 31 January 2023 to 30 January 2024. In April 2023, Mrs K discovered her car had been stolen and she reported the theft to UKI. Mrs K used social media to spread information about her stolen car and she recovered it herself, accompanied by a police officer. UKI arranged collection of the car and repairs. It also arranged a courtesy car for Mrs K during the repairs. Mrs K's repaired car was returned to her.

Some months later, on 10 January 2024, UKI told Mrs K it wasn't able to renew her policy. Mrs K says she tried to take out a policy with other insurers but wasn't able to arrange cover. She took her car to a dealership to enquire about trading it in and was told a Hire Purchase Investigation (HPI) check showed her car was both written off and stolen.

Mrs K's complaint concerns the repairs to her car, the confusion around the recording of markers and the difficulties that caused in her insuring and using her car. In relation to the repairs, Mrs K queries why UKI arranged repairs of her car, because she didn't think repairs were necessary. She wants an independent engineer to inspect the repairs.

In relation to the markers recorded against her car, Mrs K is worried she has been driving a car that's a total loss. She says that the markers prevented her from insuring her car. Mrs K says it's essential she has a car for her job and she had to rely on colleagues and taxis and was unable to carry out some elements of her job when she was having difficulties getting insurance. She has described personal matters that have made this particularly difficult.

In response to Mrs K's complaint to this service, UKI said on 30 January 2024 it was in the process of removing the total loss marker and acknowledged it should have done so earlier. It said it would tell Mrs K when the marker had been updated. UKI offered Mrs K compensation of £500. Mrs K didn't think that was sufficient.

In response to this service's request for information, UKI said it had inadvertently left the stolen marker on Mrs K's car. It said Mrs K's car had not been a total loss.

On 6 February 2024, UKI established that the stolen marker had been removed. Mrs K wasn't aware of that until the investigator told her about it in a phone call on 8 March 2024. Mrs K has told us that on 1 April 2024, it cost her almost £1,600 to insure her car, which was considerably more than the quotes she received in January 2024.

One of our investigators looked at what had happened. The investigator thought UKI had provided Mrs K with poor service. She thought the compensation of £500 UKI had offered in relation to Mrs K's distress and inconvenience was fair and reasonable.

The investigator said Mrs K's policy allows UKI to repair Mrs K's car in the circumstances that arose here. She said UKI said its engineers could repair the car and it had provided a breakdown of the repairs. The investigator didn't think it was fair to ask UKI to pay for an independent engineer to check the repairs.

The investigator said UKI said there was no total loss marker on Mrs K's car but there was a stolen marker due to an administrative error on its part. She said UKI had now removed the stolen marker, so it was no longer a barrier to Mrs K taking out insurance with another insurer or selling her car.

The investigator said UKI's decision not to renew Mrs K's policy is a commercial one and it's treated Mrs K the same as other policyholders in her position, so she didn't think it was unfair.

Mrs K didn't agree with the investigator. She said, in summary:

the repairs

- There was no obvious damage to the car when she found it, which was confirmed by the police officer, but she had no option but to permit UKI to collect the car.
- She doesn't understand why the repair costs were so high.
- As the repair and hire car costs were high, she doesn't understand why a loss adjustor didn't examine her car and why UKI didn't inform her of the cost before repair work started.

the markers on the HPI check

- The investigator has chosen to accept what UKI says about there being only a stolen marker on her car without any evidence, but the dealership told her and her daughter there was both a stolen marker and a total loss marker on her car.
- She is uncomfortable about keeping the car because she doesn't believe UKI's explanation about the markers.

UKI's delay in dealing with the matter

- UKI didn't tell her the marker had been removed on 23 February 2024, so she wasn't able to sort this matter out and insure her car.
- As she couldn't insure her car she spent money on taxis and suffered unnecessary upset and stress as she had to rely on others for lifts to work.
- UKI's errors cost her money because she received a quote of £1,039 from another insurer in January 2024 but couldn't proceed because of the markers. She insured her car on 1 April 2024 for a premium of almost £1,600. She wants UKI to compensate her for the extra cost.

UKI's offer of compensation

- The compensation of £500 UKI has offered is the same amount she paid in relation to the excess due under her policy, so UKI has simply refunded the excess.

Mrs K asked that an ombudsman consider her complaint, so it was passed to me to decide.

My provisional decision

On 10 July 2024, I sent both parties a provisional decision in this case. I indicated that I intended to uphold the complaint in part for different reasons and with a different outcome than has been suggested before. I said:

'It's clear Mrs K has very strong feelings about this matter. She has provided detailed submissions to support the complaint, which I have read and considered. However, I trust she will not take as a discourtesy the fact I focus on what I consider to be the central issues.

I've taken into account the law, regulation and good practice. Above all, I've considered what's fair and reasonable. I intend to uphold Mrs K's complaint in part for different reasons and with a different outcome than has been suggested before. I'll explain why.

The repairs to Mrs K's car

Mrs K's policy said that if her car is damaged as a result of theft, UKI can choose to pay to repair the damage or repair the damage itself, replace the car or settle the claim by paying her for the car. UKI chose to repair the damage itself. It was entitled to do that.

Mrs K queries why UKI arranged to repair her car, because she didn't think repairs were necessary when she recovered her car. I've seen the engineer's report setting out the repairs. I don't think that UKI acted unfairly when it relied on that. I appreciate Mrs K has a different view of the condition of her car when it was recovered but I'm satisfied UKI was entitled to prefer the report from the engineer and repair the car in line with the terms and conditions of the policy. It's not in UKI's interest to pay for repairs that aren't necessary, particularly in a claim like the one here where there's no third party from which to claim the repair costs. I don't think UKI acted unfairly in repairing Mrs K's car.

Mrs K wants an independent engineer to inspect the repairs but there's no basis on which I can fairly direct UKI to arrange that. That's because there's no evidence that the repairs were incomplete or faulty such that further action is required. I've noted Mrs K's recent comments about the cleanliness of her car when it was returned to her but I don't comment on that here as it didn't form part of her original complaint to UKI.

The markers on the HPI check

There's been confusion about exactly what markers UKI recorded against Mrs K's car. Mrs K says she was told at the dealership that the HPI check showed her car was both a total loss and stolen. UKI says there was only a stolen marker recorded against her car.

I haven't seen the HPI check seen by the dealership, so I can't know for sure what was recorded. Where the evidence is contradictory I consider what I think is most likely to have happened in light of the available evidence and the wider circumstances.

It's now common ground that UKI didn't remove the stolen marker after it had been told the car had been recovered. On balance, I think it's more likely than not that UKI recorded both a stolen marker and a total loss marker. That's because UKI has referred to both markers in its notes and exchanges with Mrs K. And I accept what Mrs K says about what she was told by the dealership.

The markers meant that Mrs K couldn't part exchange her car or insure it with another insurer. That caused her distress and inconvenience. UKI told Mrs K it would contact her as soon as the record was updated but it didn't do so. UKI's records show that on 6 February 2024 it knew that the stolen marker had been removed but it didn't tell Mrs K about that. Mrs K didn't know about that until a conversation with our investigator in March 2024. That means Mrs K was in an uncertain position for longer than necessary.

Mrs K has explained that she needed the car for her work and that it was inconvenient over a number of weeks to have to rely on taxis and colleagues. Mrs K hasn't provided evidence of what she spent on taxis. In the absence of that, I don't require UKI to reimburse taxi costs. But I think that Mrs K suffered considerable distress and significant inconvenience as a result of UKI's errors. In all the circumstances, I think that total compensation of £750 in relation to Mrs K's distress and inconvenience is fair and reasonable.

UKI's errors in relation to the markers also caused Mrs K loss. Mrs K says that in January 2024 she obtained a quote of £1,039 from another insurer. She didn't retain that quote but she's provided this service with a similar quote of £1,068 which she also obtained in January 2024. When Mrs K was able to insure her car, she says it cost almost £1,600. I think that if UKI had recorded information accurately, Mrs K would have been able to insure her car for £1,039 in January 2024. I think that UKI should reimburse Mrs K for the additional cost and pay interest on that amount.

During the course of this complaint, UKI provided this service with an extract from the Motor Insurance Anti-Fraud & Theft Register (MIAFTR) which it said showed there was no total loss marker. But that extract showed inaccurate information in that it said that the cause of damage was an accident and that there was no damage whereas the cause of damage was theft and there was damage. As there's been ongoing confusion in this case, I think it's fair and reasonable to require UKI to provide Mrs K with an up to date and accurate extract from MIAFTR and an HPI check, so that she can check the accuracy of the information.

UKI's refusal to renew Mrs K's policy

In general terms, an insurer can decide what risks it's willing to cover. There are many factors which an insurer may take into account in deciding not to offer to renew a policy. UKI has provided me with confidential information about the reason it didn't offer to renew Mrs K's policy. I'm afraid I can't share this with Mrs K as it's commercially sensitive, but I've considered it carefully. In declining to renew Mrs K's policy, UKI was treating her the same as all of its customers in her position. I don't think UKI treated Mrs K unfairly or unreasonably in refusing to renew her policy.

Responses to my provisional decision

Mrs K responded to say that UKI sent her compensation of £500 in response to her complaint. She said that she didn't collect receipts from taxis or friends or colleagues as she thought her claim would be resolved in a timely way. Mrs K said that UKI's errors caused her to take holiday and unpaid leave from her work as she couldn't fulfil all of the tasks her employer required. She feels that the compensation of £500 UKI has already paid was to refund the excess due under the policy. Mrs K says the additional compensation is £250, which she doesn't think is sufficient.

UKI didn't provide a response.

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.

Based on the evidence Mrs K has provided, I remain of the view that the compensation I set out in my provisional decision is fair and reasonable in this case. I note what Mrs K says about not collecting receipts from taxis, friends and colleagues. It's not clear to me that friends and colleagues charged Mrs K for providing lifts. It's understandable that Mrs K didn't collect taxi receipts in the circumstances she describes but I don't think I can fairly direct UKI to reimburse Mrs K for payments where there's no evidence to support her claim.

Mrs K has referred to taking holiday and unpaid leave whilst she couldn't insure her car. Again, she hasn't provided evidence to support her claim, so I don't think I can fairly include it as a separate item for UKI to reimburse.

Mrs K was obliged to pay the excess due under the policy, in accordance with the terms she agreed to at the outset. The compensation UKI has already paid is separate from the excess. I think that total compensation of £750 for distress and inconvenience is fair and reasonable in this case and UKI is entitled to deduct any amount it has already paid Mrs K in relation to her distress and inconvenience.

Neither Mrs K nor UKI has provided any fresh information or evidence in response to my provisional decision. I therefore find no basis on which to depart from my earlier conclusions. For the reasons I've explained, I uphold this complaint in part.

Putting things right

In order to put things right, I direct UKI to take the following steps:

- Pay Mrs K compensation of £750 in relation to her distress and inconvenience. UKI may deduct from this sum any amount it has already paid Mrs K in relation to her distress and inconvenience.
- On provision of proof from Mrs K about the premium she paid in April 2024, UKI should reimburse her the amount she paid in excess of £1,039. It should also pay interest on the amount it reimburses at the simple rate of 8% per year, from the date Mrs K made the payment, to the date of settlement.
- UKI should provide Mrs K with an up to date and accurate extract from MIAFTR and an HPI check on her car.

If UKI considers it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mrs K how much it's taken off. It should also give Mrs K a certificate showing this, if she asks for one, so she can reclaim the tax, if appropriate.

My final decision

My final decision is that I uphold this complaint. U K Insurance Limited should now take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 4 September 2024.

Louise Povey
Ombudsman