

The complaint

Ms O has complained about the service she received from AA Underwriting Insurance Company Limited (AAUIC) after making a claim under her home insurance policy.

What happened

Ms O contacted AAUIC to make a claim after she noticed water was getting into her property and causing damage. As part of its investigation into the claim AAUIC checked a database to which many insurers subscribe (The Claims and Underwriting Exchange (CUE)) to see what other claims Ms O had made. It found that Ms O had made claims to her former insurer for storm and accidental damage.

AAUIC contacted Ms O for clarification as it said she hadn't disclosed these claims when taking out the policy with it. Ms O disputed that the claims in question should be registered against her. She said she hadn't made a claim for storm damage and the claim for accidental damage was part of another claim which she had disclosed.

AAUIC explained about CUE and said that removal of information from CUE could only be done by the insurer which had loaded the information onto CUE originally.

It declined the claim for water damage. It said water had got into her home because of a problem with her gutters which wasn't covered by her policy. Ms O is unhappy that AAUIC recorded this as a claim on CUE even though it had declined the claim as this will be likely to increase her premiums in future.

Ms O brought her complaint to this service. Our Investigator didn't recommend that it be upheld. He didn't think AAUIC had treated her unfairly. As Ms O didn't agree, the matter has been referred to me.

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 it. I appreciate this will come as a disappointment to Ms O. I'll explain why below.

It might be helpful if firstly I set out what CUE is. CUE is a database of motor, commercial motor, home, commercial property and personal injury incidents. Its purpose is to identify misrepresentation and prevent fraud. The database is managed by an industry body.

If an insurer's signed up to CUE, it'll make a record on CUE of any incident it's made aware of and whether it leads to a claim or not. Claims remain on CUE for six years from the date the claim is closed.

Insurers often don't check what is recorded on CUE against a policyholder until a claim is made. That's what AAUIC did in this case. I don't think it was unreasonable of it to assume

that the information recorded against Ms O on CUE was correct and to ask her why she hadn't told it about all her claims before she took out the policy with it. It had no reason to suspect that information on CUE was incorrect.

Insurers have a duty to make accurate records and can edit or remove entries that they've made. Ms O has made a separate complaint against her former insurer about the entries it made on CUE. Since the records on CUE about her earlier claims weren't made by AAUIC, it has no power to change them. So I 'm not persuaded that AAUIC has done anything wrong in the way it treated Ms O with regard to her previous claims.

I can understand that it would be disappointing for Ms O that after her most recent claim had been declined and she'd paid for her property to be repaired, she still ended up with having another claim registered against her on CUE.

However when she first notified AAUIC of the damage, it had no option but to open a claim for her. It sent a surveyor to inspect the damage and so incurred some claim costs. Even though the claim was declined, it still had an obligation to notify CUE of the claim under the rules of the scheme. This is standard industry practice and I can't reasonably say that AAUIC treated Ms O unfairly in doing so.

The cost of any insurance premium is determined by a number of factors. Some of these factors are commercially sensitive and we wouldn't expect a business to tell us what they are. It wouldn't be fair for me to direct AAUIC to do anything in settlement of Ms O's complaint when I can see no evidence that it has done anything wrong.

My final decision

For the reasons set out above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 27 November 2024.

Elizabeth Grant
Ombudsman