

The complaint

Miss A complains about the way U K Insurance Limited (“UKI”) handled a motor insurance claim.

Any reference to UKI includes the actions of its agents.

What happened

The circumstances of this complaint are well known to both parties, so I’ve summarised events. Miss A had a motor insurance policy which was underwritten by UKI. Following an incident with an uninsured third-party vehicle in September 2023, she made a claim on the policy.

Early on, Miss A complained to UKI about misinformation it had given her in respect of the uninsured, third-party vehicle. She was unhappy UKI had told her to get in contact with the Driver and Vehicle Licensing Agency (“DVLA”) – something she thought UKI should do.

UKI accepted it could have been clearer, and in November 2023 agreed to pay £40 compensation to recognise the difficulties this had caused.

UKI booked Miss A’s vehicle in for a repair, but in November 2023, the repair was cancelled. The repair was rearranged but UKI’s approved garage wasn’t able to take Miss A’s vehicle until mid-January 2024. Miss A’s vehicle was subsequently repaired and returned to her in early February 2024.

In April 2024, Miss A’s vehicle broke down whilst on the motorway. Miss A told UKI the following day, and provided a report from the breakdown assistance company, which she said showed UKI’s approved repairer had caused problems with her vehicle.

Unhappy, Miss A complained to UKI. In January 2024, UKI issued a final response in which it acknowledged its claims team hadn’t kept Miss A properly informed. It said a call with Miss A in November 2023 had been handled poorly, and she’d been given misinformation. But it wasn’t satisfied there’d been a delay with rearranging the repairs. However, to recognise the difficulties Miss A had experienced it paid £300 compensation.

Miss A also complained about UKI’s decision to not repair her vehicle following it breaking down in April 2024. She also said UKI didn’t call her back as promised and sent her an incorrect link for sharing information – which delayed matters.

In a third final response, dated 8 May 2024, UKI apologised for not returning calls, and for sending an incorrect link. It paid £150 compensation to recognise this. But it said the issues Miss A’s vehicle was facing weren’t related to the incident in September 2023 and were instead mechanical.

It said its repairer hadn’t assessed the vehicle’s engine at the time of the repair because the incident was light impact. It said its repairer had replaced the bumper and carried out

paintwork repair, so it wasn't liable for engine problems. It considered the faults with Miss A's vehicle to be unrelated to the incident in September 2023 and instead due to "wear and tear" – something which isn't covered under the policy. So, UKI said it wouldn't be carrying out a further repair.

UKI said it would consider an independent engineer's report from Miss A, and that if this showed the damage to the engine was caused by the impact in September 2023, it would arrange for a repair, and reimburse her the cost of obtaining the report.

In May 2024, UKI issued another final response. It said its 'uninsured driver promise' had been correctly applied to the claim meaning Miss A's excess had been waived, and her no claims discount wouldn't be impacted. It did, however, acknowledge that it hadn't updated the Claims Underwriting Exchange (CUE), and that this may have had an impact on Miss A obtaining quotes as the claim was noted as being "open".

UKI apologised for its mistake and said the claim had now been closed as 'non-fault', and it paid £150 for the impact this had. With regards to the premium, it said claims, irrespective of whether fault or non-fault, may have an impact on the quotes offered.

Miss A remained unhappy and so, brought a complaint to this Service. An Investigator considered it and upheld it. Whilst she wasn't satisfied it had been shown the repairer was responsible for the problems with Miss A's car in April 2024, she said the total compensation paid didn't reflect the difficulties Miss A had experienced. She said Miss A had likely struggled to obtain cover owing to UKI not updating CUE accordingly. So, she said UKI should pay an additional £150 compensation to recognise this.

UKI accepted the Investigator's findings, but Miss A disagreed and so, the complaint has been passed to me 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.

I've also kept in mind UKI's responsibilities as an insurer - as set out in the Insurance Conduct of Business Sourcebook ("ICOBS"), together with the Consumer Duty principles. Having done so, I'm upholding this complaint.

Before I explain why, I want to clarify that whilst I have reviewed all the information provided by both parties, I'm only commenting on that I consider key to determining the complaint. My intention isn't to be discourteous but instead reflects the informal nature of the Financial Ombudsman Service.

At the heart of Miss A's complaint is that she's unhappy UKI won't repair her vehicle following it breaking down in April 2024. She says the fault with her vehicle is due to UKI's approved repairer not carrying out an adequate repair earlier in the year. To support her position Miss A has said:

- She'd never needed to use breakdown assistance prior to April 2024, so it can't be a mechanical issue with her car.
- She's a responsible vehicle owner, evidenced by her car always passing its MOT
- UKI's approved repairer didn't inspect the car before repairing it, and there isn't a report to show it carried out a repair.

- There are numerous reviews saying UKI's approved repair has carried out poor repairs.
- She'd provided UKI with an independent engineer's report which said the breakdown of her vehicle was due to a previous poor repair.

Conversely, UKI has said the fault isn't connected and that the problem with Miss A's car occurred due to "wear and tear". The policy says UKI won't cover any loss or damage caused by general wear and tear or depreciation. Nor will it cover any failure caused by a mechanical, electrical or computer problem.

I've looked at the available evidence, and having done so, I'm satisfied UKI's decision to not complete a further repair is fair and reasonable in the circumstances. Whilst I'm not doubting Miss A is a prudent vehicle owner, her not having used a breakdown recovery service in the past and her car passing its MOT doesn't mean it was impossible for her vehicle to suffer a mechanical fault.

The breakdown recovery report and Miss H's engineer's invoice, both describe the fault as being to do with the vehicle's clutch. Neither says the fault is connected to the repair which was carried out by UKI earlier in the year. And I have to keep in mind that the repair to Miss A's vehicle was to the bumper and paint work, whereas the fault with her vehicle post April 2024 is said to be engine and clutch related – and therefore, mechanical. Something the policy doesn't cover.

UKI said it would have considered an independent engineer report if Miss A provided one – which is what I'd expect it do so. Miss A says she's provided this to UKI and that it supports her position, but UKI has said it was never received. Miss A hasn't shared a copy of it with us, so I can't reasonably consider this persuasive evidence.

I note Miss A considers the disparaging reviews of UKI's approved repairer support her position that it must be responsible for the mechanical fault with her car. But I can only consider what's happened in Miss A's claim, meaning other policy holders' experiences, don't determine how I consider this complaint.

So, when I consider the above, I'm not satisfied there's enough persuasive evidence to show Miss A's car broke down because of a poor repair by UKI. And so, I consider UKI's decision to decline carrying out a further repair to be both in line with the policy terms and fair and reasonable in the circumstances.

Customer Service

UKI accepts the service it's provided overall, hasn't been satisfactory and its recognised this by paying Miss A compensation. I agree its communication has been poor, and that it failed to take action it had agreed – such as a manager returning Miss A calls and failing to provide updates. There's also the issue of it cancelling the repair in error and the frustration this caused Miss A. Over time the impact of these shortcomings was understandably, felt more greatly by Miss A. And I understand why she has felt frustrated and upset by the experience she's had.

Obtaining cover elsewhere

Miss A cancelled her policy with UKI, saying she didn't want to renew as she was unhappy with the repair it had carried out. The policy lapsed in April 2024. Miss A said she subsequently, struggled to get cover elsewhere.

UKI has accepted that not updating CUE accordingly – namely, leaving the claim as “open” – may have affected Miss A’s ability to obtain cover with other providers. And from the evidence Miss A has provided, I agree it likely did.

UKI has also confirmed the incorrect information on CUE didn’t impact the price of the premium *it* offered. I’ve seen evidence which shows that whether the claim was recorded as “fault” or “non-fault” didn’t impact the premium offered. So, I’m satisfied UKI hasn’t treated Miss A unfairly in this respect.

I’m aware Miss A took out temporary insurance – she says she did so because she couldn’t find cover elsewhere. UKI were seemingly agreeable to covering Miss A because it had provided her with a renewal notice, so I’m not persuaded Miss A had no choice but to take out temporary cover. I also have to keep in mind that Miss A was always going to be required to have some form of insurance, so I don’t think it’s necessary to direct UKI to cover the cost of the temporary insurance.

I’m also aware that when Miss A realised it was going to possibly be more difficult to get cover with another provider, she obtained a quote from UKI as a new customer. But was unhappy the new customer quote was higher than her renewal premium. UKI has explained the renewal premium, likely included a discount. This is a fairly common practice in the insurance industry and so, I don’t consider UKI treated her unfairly in this respect.

However, I am persuaded that UKI not updating CUE correctly had a greater impact than it has acknowledged, and so, I agree with our investigator that an additional £150 compensation is warranted.

My final decision

My final decision is I uphold this complaint and direct U K Insurance Limited to:

- Pay Miss A an additional £150 compensation. UKI must pay the compensation within 28 days of the date on which we tell it Miss 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.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss A to accept or reject my decision before 28 October 2024.

Nicola Beakhust
Ombudsman