

## **The complaint**

Ms A complains about how U K Insurance Limited trading as Direct Line (“UKI”) handled a claim under her car insurance policy and her subsequent policy renewal.

## **What happened**

Ms A had a motor insurance policy with UKI covering her car.

Her car suffered damage in March 2023 when a third party collided with the back of it. She tried to call UKI to report the collision but her call wasn’t answered.

She had her car looked at by a garage, which said it couldn’t find any damage. So she didn’t make a claim from UKI.

Shortly afterwards, UKI sent her a letter about the incident as the third party had apparently made a claim from their insurer, and subsequently UKI. She wrote to UKI asking for more information but it replied saying it hadn’t heard from her.

Her policy later came due for renewal and the premium had increased by about £200. She called UKI and it left her on hold for lengthy periods. It told her the premium was higher due to an open claim. It said when the claim was closed, she’d receive a refund.

Ms A complained. UKI investigated and said her renewal premium wasn’t affected by the claim and it’d mistakenly told her it would refund the extra premium. It offered Ms A £125 compensation which she didn’t think was enough.

Ms A brought her complaint to this service. Our investigator looked into it and thought the compensation amount should be increased to £200 due to the mistakes and poor service UKI had given her. UKI accepted the view.

Ms A asked that her complaint was reviewed by an ombudsman because she feels UKI had acted so poorly. So her complaint has been passed to me to make a final 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 only provided brief details of Ms A’s claims journey above, but I’d like her to know that I’ve read all of the file of evidence I’ve been provided even if I don’t mention it further here. This is in line with the informal nature of this service’s approach.

In the file of evidence I can see that Ms A has been involved in a further collision in 2024 and has talked again about her disappointment with UKI’s claims handling.

This decision only deals with the 2023 collision.

I can see Ms A, having been driven into by a third party, managed to secure details of the

third party despite their apparent evasiveness, and then tried to notify UKI as required by its policy.

But the steps she took to tell it about the collision seem to have been thwarted at every step by UKI's processes.

Ms A has told this service about her distress caused by UKI's claims handling. I can see she was told by it that she'd been involved in a 'head-on collision' when in reality hers was low speed and quite gentle. I can see that this description came from the third party.

When she queried the rise in premium, which was about 57% over her previous year's price, she was told incorrectly by UKI it was because of this collision, and that she's get a refund when the claim was closed. I've listened to the call she made about her renewal and in it UKI's staff simply don't try to understand her concerns – they tell her that the premium has just gone up because of market factors, but it took Ms A to challenge them to discover there was a 'fault' claim, which she clearly disputed.

I've looked at the pricing structure applied to Ms A's policy and I can see that the claim wasn't a factor in the price. I do appreciate her premium went up substantially, but rates in the industry have been rising over the past couple of years due to many factors. I'm not able to share UKI's pricing decision with Ms A as it's commercially sensitive, but it's in line with the final response it sent her.

UKI has said it doesn't record how long its customers are on hold for, but Ms A has told this service she'd been holding for up to two hours in total on one day, while being passed around various people who didn't understand her request to tell her why her premium had increased. Then, when she felt she needed to correspond in writing, UKI has sent this service evidence that it took over a month to reply to one of Ms A's letters.

I don't think UKI's service has been good enough here, and the disruption and distress to Ms A is clear. She's told this service she'd tried to stay loyal to UKI, but I can see her patience has been tested to the limit by UKI's poor claims handling and processes.

However, it's not the role of this service to punish companies and I must consider the impact on Ms A. I've thought carefully about her situation and the poor service she's had from UKI and I think the appropriate level of compensation should be £200. I can see UKI has agreed with this.

### **My final decision**

For the reasons set out above, my final decision is that I uphold this complaint. I direct U K Insurance Limited trading as Direct Line to pay Ms A £200 compensation for her stress and inconvenience caused by its claims handling.

U K Insurance Limited trading as Direct Line must pay the amount within 28 days of the date on which we tell it Ms A accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

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

Richard Sowden  
**Ombudsman**