

## **The complaint**

Mr E was unhappy with the delays he experienced with his motor claim under his policy with Tesco Underwriting Limited ("Tesco") which led to him been unfairly exposed to a significantly higher renewal premium.

## **What happened**

Mr E was left frustrated with the delays he experienced with Tesco managing his claim. Mr E felt he'd provided Tesco with conclusive evidence via dashcam footage that a third-party was at fault for driving into his stationary car.

Mr E couldn't believe his claim hadn't been resolved at the time the renewal of his policy was due. As such, Tesco treated it as a fault claim and charged Mr E £1,226.91 for his renewed policy. However, it did say it would refund part of this premium, should the third-party settle the claim.

Tesco acknowledged there had been "*a significant delay*" in its representative sending it the appropriate documentation to allow it to start the recovery process from the third-party insurer. However, it said there were delays also in the third-party insurer responding to the documentation once it was sent by Tesco. Tesco paid Mr E £50 compensation for the distress and inconvenience it had caused.

Tesco later confirmed the claim was closed as a non-fault claim and refunded Mr E £165.62 of the premiums he'd paid. Mr E still thinks he's been overcharged, and he's unhappy the delays left him needlessly out of pocket, which due to his own personal circumstances caused him additional distress.

Our investigator decided to uphold the complaint. As Tesco couldn't provide our investigator the calculations it used to support its charging to Mr E, she thought Tesco should refund the difference between the cost of his current renewal and his previous year's policy (£532.31). She added 8% simple interest per annum. She awarded an additional £150 compensation for the poor customer experience. Tesco didn't respond, so the case has been referred to an ombudsman.

## **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.

Given Tesco hasn't provided the information our investigator requested, I have decided to uphold this complaint. I'll briefly explain why.

Whilst, I appreciate Tesco has said some of the delay was outside of its control, there is sufficient evidence to demonstrate Tesco hasn't managed this claim competently. I think if it had done so, it's likely the claim could've been resolved much quicker and possibly in time for Mr E's renewal.

Tesco failed to get the information to support Mr E's claim to the third-party insurer in a timely manner and it has failed to keep Mr E updated on the progress of the claim. Tesco has said it chased up the third-party insurer several times but given its poor management of the rest of the claim, I'm not persuaded that Tesco are likely to have managed the relationship with the third-party insurer any better.

Tesco have said that now the claim has been closed as a non-fault claim, it has been able to refund Mr E £165.62 of the renewal premium he paid. However, Mr E still can't understand why his premium has increased by £532.31 on the previous year when he wasn't at fault for the accident.

Tesco's policy does state *"no claims discount protection does not protect the overall price of your insurance policy. The price of your insurance policy may increase following an accident even if you were not at fault"*. So even though Mr E had paid extra to protect his no claims discount, I don't think he should be surprised that his premium may still have been impacted by a non-fault claim.

Premiums are set based on several risk factors. Making a claim is likely to increase an individual's risk factor, even if the individual wasn't found to be at fault. Other factors can also change from year to year as well, such as the number of claims been made in the industry or geographical hotspots. So, I don't think it would be reasonable for Mr E to think his premium wouldn't change.

However, that been said Mr E had paid a premium to protect his no claims discount, so I would expect Mr E to receive a benefit for this. Our investigator asked Tesco for a full breakdown of its calculations so our service can review whether its treated Mr E fairly.

Unfortunately, this information hasn't been provided, therefore, I have no option but to conclude Tesco hasn't treated Mr E fairly, as I have no evidence to suggest otherwise. I think given Mr E has had the same insurance policy as the previous the year, the fairest outcome is for Mr E to pay the same as he did the previous year for his policy. I have no other information to make my decision on. Therefore, I require Tesco to reimburse Mr E £532.31, plus 8% simple interest per annum as he's been without this money (from the date of the initial payment to the date it's refunded).

Mr E has explained the distress he's suffered having to pay a higher premium. He's also suffered inconvenience and frustration trying to resolve his issues. Tesco haven't returned his calls. Therefore, I increase the compensation to £200 (£150 extra to what has been paid) for the distress and inconvenience caused.

### **My final decision**

My final decision is that I uphold this complaint. I require Tesco Underwriting Limited to:

- Reimburse Mr E £532.31 plus 8% simple interest per annum (for the renewal premium)
- Pay Mr E £150 in compensation – for distress and inconvenience (if it hasn't already it should also pay the £50 it offered in its final response).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 3 December 2024.

Pete Averill  
**Ombudsman**

