

## The complaint

Mr P has complained that Wakam recorded a claim against his record incorrectly as a fault claim and that this affected the premium he paid over a long period under his 30 day rolling motor (private hire) insurance policies.

## What happened

Mr P discovered that a claim had been recorded against his record as a fault claim for what he thought was 14 months, when it was a false claim. He complained to Wakam about this. It closed the claim in September 2023 on its system as a non-fault claim. But it has said it was recorded on the central database for recording claims – The Claims and Underwriting Exchange (CUE) as a fault (bonus disallowed) claim because it did have some costs in its initial defence of the claim. Wakam recalculated the premiums Mr P would have paid for each rolling policy from the point the claim was recorded as a fault claim on the basis it should have been recorded as non-fault. It said this meant he'd paid £248.06 more than he should have done; and it offered to refund this amount.

Mr P wasn't happy with the refund Wakam offered and asked us to consider his complaint about this. One of our investigators did this. Initially he said Wakam should refund considerably more than what it had offered and pay Mr P £200 in compensation for distress and inconvenience. But, after Wakam challenged the view and provided a more detailed explanation of the premium refund, the investigator changed his mind and decided not to uphold Mr P's complaint.

Mr P wasn't happy with the investigator's second view and asked for an ombudsman's decision.

I issued a provisional decision on 11 September 2024 in which I set out what I'd provisionally decided and why as follows:

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*It seems from what Wakam has said that it received a claim from a third party against Mr P for an incident in July 2022. Mr P has said this was a false claim. But, if Wakam received a claim, it had to rebut it and see what happened. This does mean a claim needed to be recorded against Mr P's record at this time. And it would have been normal practice to mark it as a fault claim until a reasonable period had passed without comeback from the third party; at which point it should have been closed as a non-fault claim. The problem as I see it is that Wakam left it open as a fault claim for far too long. In fact it seems it did not even mark it as a fault claim until December 2022, which is very odd, as this would have been the time I'd have expected it to close it as non-fault. This means I think that due to poor claim administration by Wakam Mr P had a fault claim on his record affecting his premiums when he shouldn't have done from December 2022 until September 2023, when it was closed by Wakam as non-fault. And he should have any extra premium he paid in this period because of this refunded.*

*I've checked the calculation of the refund of premiums provided by Wakam for the period between December 2022 and September 2023 of £248.06 in conjunction with its explanation for it. And I am satisfied it is fair for the period December 2022 to May 2023. It also seems fair for August 2023. But I am not happy with the fact there is no refund for June and July 2023, when it is clear a fault claim was still on Mr P's record in these months. And by this time it should have been recorded as a non-fault claim. And I think there should be a refund in these months or – if there is not one due - Wakam needs to explain why.*

*When the claim was changed to a fault claim on Wakam's system in December 2022 it's clear the premiums were higher because of this. But the reality is that because Mr P's policies also took into account driving behaviours the premiums were higher anyway compared to the previous year. They were also high compared to the premium Mr P paid when he took out a new policy. So, the fact the claim against him was marked as a fault claim instead of a non-fault claim for a period of time did not have as bigger impact on his premium as he thinks it did.*

*However, as I've said, it was still on Mr P's record as a fault claim in June and July 2023 and therefore I can't see why it wouldn't have had at least some impact on his premium in these months as well. I say this because it did in every other month it was on Mr P's record, which means that logically it must have made at least some difference in June and July 2023. Obviously I don't know what the difference would have been in June and July, but in the absence of a clear explanation from Wakam for there being no refund in these months, I've provisionally decided it would be fair to allow an average refund for these months based on the other months the claim was on Mr P's record. This works out at £35 (rounded up) per month. So I think Wakam needs to pay Mr P a further refund of £70 for June and July 2023. This means the total refund due to him is £318.06. If Wakam can provide a satisfactory explanation of why there is no refund in June and July or – if there is – the correct amounts, I'll reconsider the issue.*

*For some reason Wakam did not pay the refund it had offered to Mr P and preferred to wait for the outcome of his complaint to us. This means Mr P has been without funds he should have had for a long period. And he should be compensated for this by receiving interest on the amounts due to him for each month he overpaid from the date he paid each premium to the date Wakam refunds the total amount due. This should include interest on the £35 refunds for June and July 2023. Interest should be at 8% per annum simple.*

*Wakam has also said it recorded the claim on CUE as a fault claim because of costs it incurred in defending the claim initially. But I do not consider this is fair. This was clearly a false claim against Mr P, which Wakam had to rebut in the first instance. But it never went further and clearly it didn't result from an incident that Mr P was responsible for. So, Mr P should not be penalised by having the claim on CUE as a fault claim due to what seem to be internal costs on Wakam's part. So, I've also provisionally decided Wakam needs to change the claim to non-fault (bonus allowed) on CUE.*

*I understand Mr P has still managed to obtain proof of a no claim bonus from Wakam, so there doesn't seem to be a need for it to do anything further in this regard.*

*As I've explained the claim was on Mr P's record as a fault claim when it shouldn't have been due to poor administration by Wakam. It was submitted in July 2022 and it seems Wakam rebutted it originally and heard nothing more from the third party. Yet despite this, it left the claim open as a fault claim until September 2023. As I've also already mentioned, I think it should have closed it as a non-fault claim in December 2022. And, even when it did realise it needed to be closed as non-fault Wakam unfairly left it marked on CUE as a fault claim, which could have impacted Mr P. In view of all this, I consider Mr P should be compensated for the distress and inconvenience he experienced as a result of Wakam's*

*failings. And I consider £200 in compensation is fair and reasonable.*

### **My provisional decision**

*For the reasons set out above I've provisionally decided to uphold Mr P's complaint and make Wakam do the following:*

- *Pay Mr P a refund of premium of £348.06.*
- *Pay interest on the monthly refunds due to Mr P at 8% simple, as set out above.*
- *Mark the claim as non-fault (bonus allowed) on CUE.*
- *Pay Mr P £200 in compensation for distress and inconvenience.*

I gave both parties until 25 September 2024 to provide further comments and evidence in response to my provisional decision.

Wakam has responded to say that it accepts my provisional decision. Mr P hasn't provided any further comments or evidence in response to it.

### **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.

As Wakam has said it accepts my provisional decision and Mr P hasn't provided any further comments or evidence in response to it, I see no reason to reach a different decision on the fair and reasonable outcome to Mr P's complaint.

### **Putting things right**

For the reasons set out in my provisional decision, I've decided to uphold Mr P's complaint and make Wakam do the following:

- Pay Mr P a refund of premium of £348.06.
- Pay interest on the monthly refunds due to Mr P at 8% simple, as set out in my provisional decision.
- Mark the claim as non-fault (bonus allowed) on CUE.
- Pay Mr P £200 in compensation for distress and inconvenience.

### **My final decision**

I uphold Mr P's complaint about Wakam and order it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 October 2024.

Robert Short  
**Ombudsman**