

The complaint

Mr D and Miss W complain that Liverpool Victoria Insurance Company Limited ("LV") failed to check and note an incorrect entry on the Claims & Underwriting Exchange (CUE) database.

The policy is in joint names but I'll refer to Mr D throughout my decision since he brought the complaint to this service.

What happened

Mr D had home insurance with LV. He received the renewal quote and decided to check whether he could find a cheaper policy elsewhere.

Mr D was looking for insurance quotes online when he became aware of an incident incorrectly recorded on the insurance database from February 2021. Mr D says this, in conjunction with a fire claim and an escape of water claim in January 2021, meant he was unable to obtain a quote elsewhere. He says insurers declined to provide quotes because of the three recorded claims in the previous five years.

Mr D says had the information on the database been correct he would have been able to obtain competitive quotes in the market. Instead he was left with no option but to accept the renewal quote from LV. Mr D says LV were effectively making him uninsurable through anyone else. He says LV entered incorrect information into the database forcing him to overpay on his premiums.

So Mr D complained. He says after he raised the matter with LV the incorrectly recorded incident was removed. LV offered him £200 in compensation. Mr D believes he paid £1,000 more in higher premiums as a result of the incorrect entry on the database.

LV initially misunderstood the nature of the complaint but reviewed the matter again. LV explained the previous insurer had incorrectly recorded a third incident on the file which shouldn't have been added. The incorrect entry was subsequently removed from the database. So when LV checked, following Mr D's complaint, it only showed the correct claims. When calculating Mr D's premium it only took into account the fire claim since it was a paid claim. It apologised for the delay in reviewing Mr D's concerns and offered him £200 to reflect the distress and inconvenience caused.

Mr D says the time taken to review the complaint was unacceptable and when he received a response he didn't think LV really understood his complaint. He says the offer of £200 doesn't address the financial loss, time, frustration, and financial anxiety felt due to the high cost of renewals he was forced to pay. So he referred his complaint to the ombudsman service.

One of our investigators looked into things for Mr D. They said LV wasn't responsible for the incorrect entry on the database and took steps to arrange for that information to be removed once it was aware of it. The investigator also explained that since complaints handling isn't a regulated activity she wasn't able to comment on that further but £200 compensation was fair in the circumstances.

Mr D didn't agree. He said he wasn't asked to provide evidence that LV were the only insurer to provide a quote. And most of the quotes were on an online comparison site that didn't return many quotes and the ones it did were unreasonably priced.

Because Mr D wasn't happy the complaint has come to me to decide.

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. So I don't require LV to do anything further in relation to this complaint. I've explained why below.

My role as an ombudsman is to determine a complaint quickly and with minimal formality. I don't have the powers to tell the industry how its businesses should operate, that is the role of the industry regulator. So I can't comment on the wider issues around LV's process and how it handles its business.

The crux of Mr D's complaint is about the CUE entry and the impact this had on his renewal price. CUE is a database that insurers use to report and record incidents which may or may not have given rise to a claim.

Mr D's policy went to LV as it had taken over from another insurer. And the initial insurer had been responsible for the incorrect entry on CUE. So I can't hold LV responsible for the mistake.

Mr D says LV should have checked the entries when it took over the policies but I don't think that's reasonable; LV was not under an obligation to check CUE for accuracy when taking over the policies. LV says the additional incorrect entry didn't form part of its renewal quote – so I'm satisfied its renewal offer was fair in the circumstances.

Mr D says he checked an online comparison site for quotes and was told by one insurer that it wouldn't accept a policy for a customer with three claims in five years – and it's likely there were other insurers who follow the same practice. But there are other insurers who would accept a customer in those circumstances. Mr D says the insurers who did return quotes were much higher than they should have been. But quotes were returned albeit they weren't at a price Mr D wanted to pay.

Mr D says he was unable to obtain a fair price in the open market as a result of the incorrect information stored on CUE. But I haven't seen any evidence to corroborate this. While I don't dispute Mr D's testimony I haven't seen any independent evidence to show that the prices he obtained weren't fair – I don't think just because premiums were high, that they were unfair.

I can understand Mr D has been frustrated by the matter. But, in summary, I don't think LV has treated Mr D unfairly. When LV became aware of the matter it checked the database and the incorrect entry was removed. And this is what I would have expected it to do. But since LV wasn't responsible for the incorrect entry I'm unable to say it has done anything wrong.

LV paid Mr D £200 compensation for the length of time it took to look into his complaint. As complaints handling isn't a regulated activity this is something I'm not able to comment on.

I want to reassure Mr D I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Miss W to accept or reject my decision before 10 December 2024.

Kiran Clair
Ombudsman