

## **The complaint**

Miss M is unhappy with the information First Central Underwriting Limited (First Central) have recorded on the Consumer Underwriting Exchange (CUE) regarding a claim on her motor insurance policy which she asked to be withdrawn.

## **What happened**

In August 2022 Miss M's car was stolen and she contacted First Central to make a claim. Miss M decided not to proceed with her claim due to the settlement she would receive for the total loss of her vehicle and so asked First Central to withdraw this. First Central confirmed to Miss M that the claim would be closed as notification only and her no claims discount (NCD) would be allowed.

In 2023 Miss M was looking for car insurance and was made aware the incident in 2022 had been closed as settled rather than as notification only. She raised a complaint with First Central. First Central said it had incurred costs on the claim in the form of recovery and storage and so it was correct that the claim was recorded as settled. It confirmed Miss M's NCD was allowed.

Miss M didn't think this was reasonable and so bought her complaint to this Service. Following Miss M's complaint being referred to this Service, First Central made an offer to resolve the complaint. It offered Miss M the opportunity to reimburse the recovery and storage costs it had incurred and then it would record the claim as notification only. Alternatively Miss M's claim could be re-opened and considered. It also offered £150 compensation for distress and inconvenience.

Our investigator upheld Miss M's complaint. He said First Central were entitled to record the claim as it had done on CUE, but it had provided Miss M with incorrect information about how the claim would be recorded. He said First Central should pay Miss M £750 compensation to acknowledge the distress and inconvenience caused and the fact Miss M had lost the opportunity to settle the claim costs incrementally.

First Central disagreed with our investigator. It didn't agree the error warranted compensation of £750.

I issued a provisional decision upholding this complaint and I said the following:

*'I want to acknowledge that I have summarised Miss M's complaint in less detail than she has presented it. I've not commented on every point she has raised, instead I have focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Miss M and First Central that I've read and considered everything that has been provided.'*

*CUE is a database most insurers use to update any claims or incidents a customer reports. This includes incidents that don't result in a claim. Insurers that use CUE have a duty to make accurate records, which includes the amount it has paid out on a claim.'*

*First Central have recorded the theft of Miss M's vehicle in 2022 on CUE as being closed and settled with costs being incurred. First Central have also recorded that Miss M's NCD was allowed. Based on the evidence provided and the best practice guidelines set out by the Motor Insurance Bureau, I don't think First Central have been unreasonable in the way they have recorded this on CUE.*

*Miss M asked for the claim to be withdrawn before First Central had finished validating her claim and so it didn't make any payments towards the repair or total loss of Miss M's vehicle. However prior to Miss M withdrawing her claim, First Central had incurred recovery and storage charges as a result of Miss M's vehicle being recovered by the police and held in storage. As First Central had incurred costs in relation to the incident I don't think it was inaccurate for First Central to record the claim as settled rather than as notification only.*

*Although I don't think First Central entered inaccurate information on CUE, I think it's clear it didn't provide accurate information to Miss M about how the claim would be recorded. When Miss M contacted First Central to withdraw her claim she was told the claim had been recorded as notification only and her NCD wouldn't be impacted. First Central should have told Miss M that whilst her NCD wouldn't be impacted, it had paid costs on the claim and so the claim would be recorded as settled unless she reimbursed First Central for these costs.*

*As Miss M was given incorrect information I've considered the position Miss M would be in had she been given the correct information at the time of withdrawing her claim. Based on Miss M's testimony I think the most important thing to her was that her NCD remained unaffected. She has said she was a young driver and so despite not receiving anything for her vehicle, she believed keeping her NCD would be more beneficial in the long run. Therefore I think even had Miss M been given the correct information about the closure of her claim, she would have still opted to have withdrawn her claim and keep her NCD unaffected.*

*Miss M has said she feels having her NCD unaffected is void now because there is a claim on her records. However I think it's important to point out that although this incident was recorded as a claim, Miss M's NCD wasn't impacted by this which is what Miss M has said was most important to her.*

*First Central should have given Miss M the opportunity to reimburse the costs it had incurred for recovery and storage and have the claim recorded as incident only. Whilst it's difficult to say with certainty what actions Miss M would have taken at the time, on balance I'm not persuaded Miss M would have paid these outstanding costs and I'll explain why. Miss M has advised she had to purchase a new vehicle and she didn't receive any settlement towards her vehicle that had been stolen. The recovery and storage charges were not insignificant at over £800, especially for someone having to purchase a new vehicle.*

*As I've already said the most important thing to Miss M was that her NCD wasn't affected, which was the case whether the claim was closed as settled or closed as notification only. I think at the time of withdrawing her claim, if given the choice between having the claim closed as settled, or paying over £800 to have the claim closed as notification only, it's more likely Miss M would have chosen not to reimburse the costs First Central had incurred.*

*Mrs M has said that the way this incident has been recorded has likely had an impact on the premiums she has been paying. The premium an insurer chooses to charge for a policy usually takes into consideration a wide range of factors and I've not seen any evidence to show what impact, if any, this incident being recorded as settled rather than notification only has had on the premiums Mrs M has been paying.*

*In any event, for the reasons I've explained, I think on balance, Miss M would be in the same*

*position she is currently regarding the information recorded on CUE, even had she been provided with the correct information when she chose to withdraw her claim. However I think Miss M has been caused distress and inconvenience by First Central giving her the incorrect information. It would have been distressing for Miss M to have learnt the claim hadn't been recorded on CUE the way First Central had said it would. However I think the £150 compensation First Central have offered is reasonable to acknowledge the distress and inconvenience Miss M has been caused.*

*First Central have offered Miss M the opportunity to reimburse the recovery and storage charges it incurred in order to record the claim as notification only. Alternatively it has said it could re-open the claim and consider it. I think it's reasonable First Central have given Miss M these options and it is for Miss M to decide whether she wishes to proceed with either of these options.'*

Neither party responded to my provisional 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.

As neither party has given me anything further to think about, I see no reason to reach a different conclusion to the one I reached before. So I uphold this complaint for the reasons I set out in my provisional decision.

### **My final decision**

For the reasons I've set out above, it's my final decision that I uphold Miss M's complaint against First Central Underwriting Limited. First Central Underwriting Limited should pay Miss M £150 compensation. It should also allow Miss M to reimburse the recovery and storage costs it has incurred and then record this claim as notification only on CUE, or allow Miss M to re-open the claim and re-consider it should Miss M wish to proceed with one of these options.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 28 November 2024.

Andrew Clarke  
**Ombudsman**