

## **The complaint**

Mr G has complained about his let property insurer U K Insurance Limited (UKI) – he feels it misled him regarding detail about a claim recorded on his policy. He feels this has caused him a financial loss.

## **What happened**

Mr G called UKI about a leak his tenant had reported. In the end a claim for the loss did not progress as Mr G's contractor resolved matters under warranty. Mr G though was unhappy with some aspects of what UKI had done prior to him settling things via his contractor. UKI apologised and paid Mr G £125 compensation. He recalls being told the claim, such as it was, would not affect his cover going forwards. That was all in February 2023.

In November 2023 Mr G's policy was due for renewal. He'd paid £551.35 for cover the year before, but noted the renewal cost was detailed as £994.87. He also noted that under losses/claims UKI had detailed the water leak incident and the £125 paid to him. He felt this had likely affected the price he was being offered to renew, and he didn't think the claim should have been recorded or accounted for in that way. He spoke to UKI – but felt the advice from it was unclear.

When UKI issued a final response letter to Mr G, prior to the policy renewing, it said the incident had to be recorded – but it had not been taken into account when his policy premium was calculated. But the final response letter also said that Mr G, in running other quotes for cover, may have seen lower premiums being returned if he had not included the claim and cost in the application. Mr G returned to UKI with further questions – including specifically asking it if the incident had been recorded on the central insurance claims database (CUE).

UKI did not reply to Mr G's further contact. He felt unable to seek cover elsewhere – when declaring a claim with a value of £125, the cost of cover was comparable to what UKI was asking for. He tried in-putting the incident with a value of zero – and that returned much lower premiums. However, Mr G felt he could not, in good conscience, go ahead with those quotes because of the detail he knew UKI had recorded, at least internally, about the value. Mr G complained to this Service.

During the course of our investigations, UKI told us that it had not recorded the incident or value on CUE. UKI said that whilst Mr G would have to declare a 'loss' if asked, it had not classed the £125 paid as a claim value because this had not been paid in respect of damage. It confirmed though it still had to record this internally and only had an option of showing a claim as "open" or "settled", it can't, for example, show it as "withdrawn".

Our Investigator considered the price detail from UKI. She felt it had shown that Mr G's premium had not been affected by the detail it had recorded. Mr G was unhappy. He felt that UKI's poor handling of this matter had caused him to stay with it – if he'd known the detail had not been uploaded to CUE he'd have accepted what UKI had said about the payment of £125 not being recorded as a claim loss. He said if he had been able to show zero value for the incident, he could have gone with an insurer charging around £400 less than UKI.

Mr G's points were put to UKI. It said it was happy for us to consider Mr G's concerns about it not advising him in respect of CUE. However, it said it had never received his emails about that. And in other emails and contact, it said, Mr G had never asked it a question about CUE – it said that if he had asked, it would have told him.

The complaint was referred to me for an Ombudsman's decision. I felt minded to uphold the complaint, requiring UKI to compensate Mr G both for likely financial loss and the upset it had caused him. I thought, in those respects, it should pay him £375 and £100 respectively. My provisional findings were:

*"I'll start by assuring both parties that I've read and understood everything they've said and provided. Including the detail UKI provided about how it had priced Mr G's renewal. However, in the spirit of our informal service, I'm not going to capture every point or piece of evidence in my findings below. Rather, my findings will focus on what I see to be the heart of the matter – which, for me, is quite a simple issue.*

*To me Mr G had a straightforward query with UKI about what had been recorded on his claim history and how that was affecting his renewal premium. I'm satisfied, from what UKI has sent, that it likely did not take the claim/its value into account when pricing the renewal. But I can absolutely see why Mr G had concerns in this respect. And why UKI's answers to his complaint didn't satisfy him. I also think those answers were unfair and unreasonable because they caused confusion which ultimately prevented Mr G from taking cover elsewhere which better suited his needs in terms of price.*

*UKI sought to answer Mr G's complaint by saying, in summary, that the claim, including its value, had not been taken into account by it when pricing the renewal. At that point, when UKI gave that answer, I think it's fair to say that Mr G had not raised with it a query about how matters had been recorded centrally. I think though that this was not something Mr G reasonably had to ask it about directly. That is the sort of expert information I would have expected UKI to volunteer in order to offer a fully rounded answer to Mr G's concerns. UKI could, and I think should, have said, something like – 'our systems require us to record this, but because we don't really view this as a claim. or a claim loss, it has not been recorded on CUE'. The fact that UKI did not offer this information left things, in my view, unclear. I think UKI failed Mr G in this respect.*

*I also think UKI compounded that lack of clarity and failure in respect of the content included in the final response letter. Having told Mr G his renewal premium had not been affected by the claim/its value – it said to him that he had probably found lower priced quotes by omitting detail of the claim. And when Mr G challenged it on this, it said it had made a mistake by saying what it had about the lower priced quotes. I can quite understand why Mr G felt unable to accept anything UKI was telling him.*

*Having considered what Mr G has told us, I'm satisfied that the lack of clarity UKI created caused Mr G to have to stay with it, paying the increased premium. I accept that if UKI had explained to him about CUE, ideally sending him a screenshot of his record on the database, that he'd have viewed that as meaning he could safely disclose the matter as a zero value claim or incident. I'm also satisfied, from what Mr G's shown us, that if he'd known that, he could have changed insurers and secured a lower premium.*

*During the course of the complaint, Mr G has given varying values about what sum he could have saved going elsewhere, they range from £316 - £429. The lowest was mentioned closest to the renewal date, and I've seen evidence regarding the higher sum – derived from quotes run about ten months after renewal. Price for cover does change over time – so I'm going to split the difference of the lowest and highest value here, which comes out, when*

*rounded, to £375. I'm satisfied that is the likely value of loss UKI caused to Mr G – that, but for its failures, he'd have been able to secure cover around £375 cheaper than the renewal premium UKI charged. It will have to add interest to that sum.*

*I'm also mindful that, as well as paying the increased premium, Mr G has put in a lot of effort to try and resolve this matter. I think £100 compensation is fairly and reasonably due for the distress and inconvenience caused."*

Mr G said he was happy with that outcome. UKI said it disagreed with the decision.

UKI said it disagreed because it had assured Mr G that his premium had not been impacted by the claim. It said proof showing the premium had not been impacted had been provided to this Service. It said proof like this has never been disagreed with by the Ombudsman before. It thinks it is concerning that, having sent that proof, it has not been seen as sufficient. It said it is also concerning that compensation is being awarded seemingly in respect of the complaint process. It reiterated its view that Mr G had not asked about CUE – that it had shown it had not received emails from him in this respect.

### **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 appreciate that UKI sought to answer Mr G's complaint by assuring him his price had not been impacted by the claim. I said provisionally that, based on the pricing detail UKI had sent, I was satisfied that was likely the case. So I did not say its evidence in that respect was insufficient.

However, I also found provisionally that UKI had caused confusion when assuring Mr G about the premium. I felt that it had not answered his concern fairly and reasonably. I explained that I felt a fair and reasonable answer from UKI would have included it volunteering comment on what it had recorded on CUE. So whether or not, or why it did not, receive emails from Mr G, specifically asking about CUE was, for me, immaterial. I bear in mind that many policyholders would not even know about the central database, or think to ask about what is shown on it. But UKI, as an insurer, knows about the database and the importance of what it shows in terms of claim records.

I remain of the view that when Mr G was concerned about the record UKI had made of his claim and how this had affected his price of cover – UKI should fairly and reasonably have assured him both that its price had not been affected by the claim and that it had not recorded that claim on CUE. I remain of the view that if it had done that, Mr G would have been able to save money by changing his cover to another provider, and he wouldn't have been inconvenienced as he was. So I'm satisfied it's fair and reasonable for me to require UKI to pay compensation in respect of both of these things.

### **Putting things right**

I require UKI to pay Mr G:

- £375 as compensation for likely increased insurance costs, plus interest\* from 14 November 2023 until settlement is made.
- £100 compensation for distress and inconvenience.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require UKI to take off tax from this interest. If asked, it must give Mr G a certificate showing how much tax it's taken off.

### **My final decision**

I uphold this complaint. I require U K Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 December 2024.

Fiona Robinson  
**Ombudsman**