

The complaint

Miss O complains about the handling of her motor insurance claim by Markerstudy Insurance Company Plc ('Markerstudy')

What happened

Miss O and Markerstudy are familiar with the background of this complaint and broadly, the chain of events that led to the complaint aren't in dispute. Rather than repeat what is already known by both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Miss O was involved in an accident. Liability was disputed initially, but the third party insurer ultimately accepted liability. Miss O then raised a complaint for a number of reasons - including the time taken, poor communication and the impact on her insurance premiums. Markerstudy partially upheld the complaint and offered Miss O £300 compensation for various service failings when handling the claim.

As Miss O remained unhappy, she referred her complaint to our Service for an independent review. She wanted compensation, the additional money paid for her new policy to be refunded and the claim closed. Our Investigator considered the complaint and recommended that it be upheld. As Markerstudy didn't respond to the recommendations, the complaint remains unresolved and was referred to me for a 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

As Markerstudy accept there were failings here and have offered £300 compensation in recognition, my decision will be limited to considering whether their actions in putting right their failings goes far enough to recognise the impact on Miss O.

The open claim and increase in premiums

Miss O has argued that she lost out when taking out a new policy because of the open claim. But her new policy was taken out prior to the third party concession of liability. Therefore (unfortunately) any impact on premiums was likely inevitable at that point. I find it fair that the claim was still recorded as 'open' at that point.

However, based on what I've seen, this claim remained open afterwards due to Markerstudy seeking to recoup their claim outlay (hire car costs) from a third party hire company. This wouldn't be unusual. But importantly, in their final response letter, Markerstudy state:

"However, we received correspondence on the 07 September 2023 advising that

[third party redacted by Ombudsman] (your credit hire company) *had managed to recover the cost of the credit hire vehicle provided to you, from the third-party insurer.*

*Shortly after, we made a payment to the third-party credit hire company [third party redacted by Ombudsman] for the third party's hire vehicle. This would have been done to mitigate costs. **However, in view of the above, this payment should not have been made.***" [bold added for emphasis by Ombudsman]

I've thought carefully about this. On one hand, it appears that it's because of this payment error to the third party that the claim remained open. But on the other hand, it's correct that Markerstudy hadn't recouped their claim outlay and the impact on Miss O had already occurred prior to this. I've also seen evidence that Markerstudy made reasonable attempts to engage with the third party to recoup their outlay.

However, it seems 'but for' Markerstudy's error in making payment to the third party hire company the claim would've closed earlier and been recorded as non-fault - as they'd recovered their other costs from the third party insurer.

As the claim has now been recorded as 'non-fault', Miss O can discuss with the underwriters of her second policy having those policy premiums recalculated.

If Miss O took out any other policy she believes was also affected, she can speak to those insurers of policies (where she believes she's paid higher premiums as a result of the delay) to have them re-rated. However Miss O should be aware that having any claim, regardless of it being a fault or non-fault on her insurance record will generally impact the risk underwriters perceive a customer presents and may result in higher premiums.

The excess return

It was unfair that Markerstudy recovered their costs from the third party insurer in December 2023 but it took Miss B raising a complaint in April 2024 for her excess to be refunded. When Miss O referred her complaint to our Service, Markerstudy recognised that she'd been unfairly deprived of the excess value and offered to add 8% simple interest to that refunded amount. I consider that fair and reasonable.

The general impact on Miss O

With any insurance claim, there will almost always be a certain level of inconvenience. However, the impact here went beyond what might reasonably be expected. Markerstudy have offered £300 compensation in recognition. But I find this doesn't go far enough to recognise the impact on Miss O.

There were multiple issues with Markerstudy's handling of this claim. For example – the excess refund issue and the claim remaining open for much longer than necessary due to Markerstudy's error. I find avoidable inconvenience, frustration and uncertainty have been caused by Markerstudy's actions and the £300 offered doesn't go far enough in recognising the impact here. Our Investigator recommended an additional £250 be paid to Miss O and I find that broadly in line with our published guidelines on distress and inconvenience payments. This means a total of £550.

Putting things right

Markerstudy Insurance Company Limited now need to:

- Add 8% simple interest to recognise the delay in refunding Miss O's excess. This

should have been refunded in December 2023, but wasn't refunded until April 2024. The interest needs to be calculated from the date it ought to have been returned, until the date any updated interest settlement is paid to Miss O.

- If Markerstudy *are* the underwriters for both insurance policies (the claimed against policy and the new policy Miss O took out), they will need to rerate and recalculate the premiums Miss O paid to reflect the actual risk she presented as a customer based on this being a non-fault claim.*

As per our Service's normal approach, Markerstudy would need to add 8% simple interest to any refund, to be calculated from the date Miss O made payment (either upfront or monthly) until the date she receives the updated settlement amount.

- Pay Miss O a total of £550 compensation in recognition of the avoidable distress and innocence their action have caused her. West Bay can deduct from the figure of £550, any compensation award already paid. I note that when the complaint was referred to our Service, Markerstudy offered Miss O £25 for inconvenience caused. They can include this £25 offer in the total £550 compensation I'm directing them to pay.

*If Markerstudy *are not* the underwriters for both policies, this part of my direction isn't applicable and Miss O will need to speak with the relevant underwriters of the second policy she took out about a premium recalculation.

My final decision

My final decision is that I partially uphold this complaint. Markerstudy Insurance Company Limited now need to follow my direction, as set out under the heading 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 7 January 2025.

Daniel O'Shea
Ombudsman