

The complaint

Mr Z complains U K Insurance Limited (UKI) have declined the claim he made under his motor insurance policy following the theft of a vehicle. He also complains about the information UKI have recorded on the Claims Underwriting Exchange (CUE) and the quote he was provided when he changed his vehicle.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events. On 5 September 2021 Mr Z added a temporary vehicle to his motor insurance policy with UKI. The vehicle belonged to his brother. On 10 September 2021 Mr Z took the vehicle to a business, who I'll call B1, to complete some modifications. On 8 December 2021 Mr Z said he received a call from an unknown party who said B1 no longer had his vehicle. He said he went to B1 but nobody would speak to him and so he attended the police station to report the vehicle as stolen. On 4 January 2022 Mr Z submitted a claim to UKI under his motor insurance policy.

UKI carried out a number of enquiries which included speaking with Mr Z and his brother. On 21 October 2022 it told Mr Z it would be declining his claim. It said it had carried out investigations and had discovered:

- The vehicle was insured with B1 the day before Mr Z added the vehicle to his policy
- The vehicle was advertised for sale from mid-September 2021 to mid-December 2021 by B1 and was advertised for sale on B1's social media platforms
- The vehicle was insured under a personal motor insurance policy from 11 October 2021 to 26 October 2021
- The MOT certificate for the vehicle expired on 11 September 2021
- It had asked for the remaining key to the vehicle, but when it arrived the envelope had been neatly sliced open but with the bubble wrap in tact, which it said suggested the key wasn't in the envelope to begin with
- The pro-forma invoice from B1 didn't appear to be professional and it wasn't satisfied this was an invoice from B1

It said it believed B1 had either purchased the vehicle, or had been instructed to sell it on Mr Z's behalf. UKI said it was satisfied the vehicle cover had expired prior to the alleged loss occurring.

Following the decline of his claim Mr Z raised a complaint with UKI about the time the claim was taking and said he hadn't been kept appropriately updated. On 14 November 2022 UKI issued Mr Z with a final response to his complaint. It said it didn't believe it had made any errors and so didn't uphold Mr Z's complaint. This complaint wasn't referred to this Service.

In early 2024 Mr Z raised further complaints with UKI. He said he was unhappy he hadn't received any settlement for the claim. He said he was also unhappy the UKI had recorded a claim from 2019 and the theft from 2021 on the CUE database. He also said he had sold his vehicle and purchased a new one, but when he tried to insure the vehicle with UKI the quote was too expensive. On 15 February 2024 UKI responded to Mr Z. It said the entries on the database were right to be there. It said the decision on the claim appeared to be appropriate and so it wouldn't have any offers to make for the claim. It did apologise Mr Z wasn't provided a response when he initially raised his query. On 16 February 2024 UKI sent Mr Z a final response to his complaint. It said it was satisfied the information it had provided him the day before was correct and so wouldn't be upholding his complaint. Mr Z didn't think this was reasonable and so referred his complaint to this Service.

Our investigator looked into things. She said she thought there were a number of inconsistencies within the claim and circumstances. She said she thought there wasn't substantial evidence the vehicle was stolen whilst it was covered by UKI and so she didn't think UKI had acted unreasonably in declining Mr Z's claim and so wouldn't be interfering with its decision. She said UKI had provided her with underwriting criteria to show the risk for the new vehicle Mr Z was looking to insure with it was greater and so she didn't think UKI had made an error in the quote it had provided. She said she thought UKI were obliged to share factual information on CUE and it can't remove these records as the claims had happened.

Mr Z didn't agree with our investigator. He provided a detailed response but in summary:

- He said the last time he saw the vehicle was 10 September 2021
- The MOT expiring is irrelevant as the vehicle was having work carried out and the MOT would be carried out once the vehicle was returned
- The vehicle being advertised for sale, or insured elsewhere isn't something he would have been aware of
- It's false that B1 purchased the vehicle from him, or were instructed to sell the vehicle on his behalf
- His brother sent the remaining key to UKI and so any allegation the key wasn't sent is false

As Mr Z didn't agree with our investigator the complaint has been passed 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.

I want to acknowledge I've summarised Mr Z's complaint in less detail than he's presented it. I've not commented on every point he has raised, instead I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr Z and UKI I've read and considered everything that's been provided. I've addressed the key points separately.

Claim decline

The relevant rules and industry guidance explain UKI shouldn't unreasonably reject a claim. UKI have said it believes B1 purchased the vehicle, or were instructed to sell the vehicle on

Mr Z's behalf. It has also said it believes the alleged loss took place after the cover for the vehicle had expired. Therefore I've considered whether this is reasonable in the circumstances.

Based on the evidence provided I'm satisfied that:

- The vehicle was insured with UKI on 5 September 2021 as a temporary vehicle and this policy ran until 18 September 2021
- The MOT on the vehicle expired on 11 September 2021
- The vehicle was shown for sale on a vehicle selling website on 13 September 2021
- A vehicle which, at the very least, is very similar to Mr Z's brother's vehicle was advertised for sale by B1 on its social media platform
- The vehicle was insured with another insurer between 11 October 2021 and 26 October 2021
- The vehicle was insured with another insurer from 23 October 2021, and this policy belonged to B1
- Mr Z reported the vehicle as stolen to the police on 8 December 2021

In addition to the above, UKI have raised some further concerns with the claim. Mr Z has said he was told the work to his vehicle would take eight weeks, but UKI have said the work being carried out wouldn't have taken longer than one week. It has also noted the invoice Mr Z has provided from B1 doesn't look professional and includes spelling mistakes. It has also said it doesn't believe the remaining key was inside the envelope it was sent.

Taking into consideration all of the evidence provided and outlined above I don't think UKI have acted unreasonably when it has declined Mr Z's claim. I think it has carried out a thorough investigation into the circumstances of the claim and has some clear and fair concerns about the validity of it. So whilst I note Mr Z's comments about this, I think the decision it has reached is a reasonable one. Therefore, I don't consider it would be appropriate to interfere in the claim decision it has made.

New insurance quote

Mr Z has said he sold his vehicle and purchased a new one, but when he tried to insure his vehicle with UKI the price was too high.

I should state that this Service isn't a regulator. So it's not our role to direct UKI generally about how it chooses to conduct its business or sets its premiums, but I can look at whether it has treated Mr Z fairly.

Admiral has said the new vehicle Mr Z was looking to insure was considered a higher risk than the vehicle he had previously which was why the price was higher than before. UKI have provided me with underwriting evidence to demonstrate it considered the new vehicle Mr Z was looking to insure was a higher risk than his previous vehicle, and so this was why the premium had increased. As I've explained, it isn't for me to tell UKI what factors it should take into account when assessing risk, how it should go about this assessment, nor the premium it chooses to apply to this risk. As UKI have been able to show why the premium being quoted was greater than before, and I'm satisfied it has treated Mr Z in the same way it would have treated anyone else in his position, I'm satisfied it hasn't treated Mr Z unfairly.

Claims showing on CUE

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 on a claim.

Mr Z is unhappy two claims are showing on CUE and this is impacting his ability to insure his vehicle elsewhere. This includes a claim from 2019 and the theft claim from 2021. Therefore I've considered whether this has been accurately recorded on CUE.

UKI have said Mr Z had an accident in 2019 involving a third party vehicle. It said Mr Z reported the claim to it but he dealt directly with the third party insurer as liability had been accepted. I can see this has been reported on CUE as having no payments made, and with Mr Z's no claims discount allowed. I haven't seen any evidence this isn't an accurate representation of the circumstances of this claim and so I'm satisfied this has been appropriately recorded on CUE.

UKI have recorded the theft claim Mr Z made in 2021 on CUE. I can see it has recorded costs on the claim which isn't unreasonable as although no payments have been made to Mr Z directly, it has still incurred costs during the claim process. I can see the costs recorded on CUE are lower than the costs UKI have actually incurred, and UKI have said it doesn't know why this is the case. However, as the costs on CUE are lower than the costs UKI have actually incurred, there is no detriment to Mr Z and so I don't require UKI to update this. Overall, as Mr Z reported this claim to UKI, I'm satisfied it's reasonable for UKI to record this on CUE. As I've explained, all incidents should be recorded on CUE, regardless of whether it has resulted in a claim being paid.

Mr Z has said the incidents reported on CUE are making it more difficult for him to obtain insurance elsewhere. I can't hold UKI responsible for the actions of other insurers, and I'm satisfied the information UKI have recorded on CUE is fair.

My final decision

For the reasons I've outlined above I don't uphold Mr Z's complaint about U K Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 26 March 2025.

Andrew Clarke
Ombudsman