

The complaint

Mrs C and Mr C have complained about Watford Insurance Company Europe Limited. They weren't happy about the way it declined a claim under their motor insurance policy.

Any reference to Watford Insurance includes any agents that it is responsible for unless specified.

What happened

Mr C had an accident on the way to a meeting at work and made a claim under his motor insurance policy. But his claim was declined as he had forgotten to add commuting back onto his policy after working from home during the pandemic.

Due to the declined insurance, Mrs and Mr C faced significant hire car and third-party costs. And, following a SAR request they discovered fraud markers had been applied against them. So, they complained to Watford Insurance and this Service about the decline of the claim, the delays and processing of the third-party claim, the customer service provided and lack of contact and updates.

Our Investigator looked into things for Mrs C and Mr C and explained that we couldn't look into any complaint around the decline of the claim due to commuting as it was brought to this Service too late. Or the costs incurred as this was handled between Mrs C and Mr C and the third-party insurer direct. But she explained she could consider the third-party car hire costs that Watford Insurance advanced, Watford's processing delays, its customer service and the fraud marker.

Having done so she upheld the complaint. She thought Watford Insurance should pay £500 by way of compensation for the stress, inconvenience, poor service caused by the various excessive delays, poor service generally, poor communication, lack of progress and the clear shock caused to Mrs C and Mr C of being made aware that they had a fraud marker placed against them.

Mrs C and Mr C accepted the position outlined by our Investigator and, in the main, Watford Insurance also agreed.

However, it explained that it hadn't placed a fraud marker on any external systems, and it had only put information on a shared insurance database (SIRA), so it thought the level of compensation should be reduced.

So, the matter has been passed to me for review.

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'd like to reassure both sides that I have considered everything they have told us afresh. However, as both sides have agreed with the majority of the position outlined by our Investigator, I don't propose to rehearse the circumstances surrounding this complaint. I'll look to focus on the key remaining issue, whether the level of compensation suggested (£500) is fair. This isn't meant as a discourtesy, but it simply reflects the informal nature of our Service.

Having done so, I can understand why Watford Insurance feels the level of compensation should be reduced as a fraud marker wasn't placed against Mrs C and Mr C. However, this isn't how things were interpreted by Mrs C and Mr C when they were made aware of the entries made against them.

I say this as the system/database (SIRA) is talked about as '*a fraud prevention solution*' and '*the UK's most comprehensive national fraud database*' so I can understand why they were worried. And it is the impact of feeling they had a fraud marker against them and the significant impact this could have against them that has to be considered alongside the poor service, delay and poor communication at an already stressful time for Mrs C and Mr C.

Watford Insurance hasn't said what it feels the compensation should be reduced by and it is difficult to separate all of the issues raised around poor service, communication, excessive delays and lack of progress out from the impact Mrs C and Mr C felt from having what they believed was a fraud marker placed against them. I know Watford Insurance feel the impact is lessened, as there wasn't actually a fraud marker placed against Mrs C and Mr C, but I wouldn't expect them to understand the difference here when they first read about the SIRA entry, so they would've faced the same level of shock.

Plus, Watford Insurance has accepted that the information it has placed on SIRA should be amended in any event. And I'm surprised it hasn't done this already in order to remove the worry that has hung over Mrs C and Mr C about the entry on SIRA when it is accepted that they simply made a mistake here, which has had a significant impact on them, by forgetting to put commuting back on their policy after they didn't need it during the pandemic.

Overall, I think the level of compensation awarded by our Investigator feels fair and in line with the kind of award this Service would generally make in circumstances like this. It is clear Mrs and Mr C had to endure delay, poor service and communication at a particularly difficult time for them when they faced a heavy financial outlay.

This was eventually significantly reduced by more than half and it's clear that had Watford Insurance been more proactive here in handling the third-party charges the level of costs hanging over them would have been reduced. I'm sure a little care here and better management of the claim would have reduced the significant worry and stress on Mrs C and Mr C.

As this was a prolonged period of time which caused considerable stress, upset and worry alongside significant inconvenience I feel the award for this alone sits within the bracket awarded.

Given all of this, and the combination of all the failings outlined here, I agree that the fair and reasonable thing to do in the particular circumstances of this case is for Watford Insurance to pay £500 compensation. And to ensure any adverse information or markers is removed from any external systems or databases as it has already agreed to do.

My final decision

It follows, for the reasons given above, that I'm upholding this complaint. I require Watford Insurance Company Europe Limited to remove any adverse entries on any external systems or databases. And pay £500 by way of compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 15 March 2025.

Colin Keegan
Ombudsman