

The complaint

Mr D complains about the decision of Watford Insurance Company Europe Limited to record a loss against his claim record after his motor vehicle was stolen.

What happened

Mr D was the victim of a break in which resulted in his car being stolen. He notified Watford of the theft the following morning, making it clear that he didn't intend to make any claim against his insurance policy. A short while later the vehicle was recovered and when Mr D spoke to Watford he became aware that there was a record of a claim for the incident. Watford clarified that this was what is called a "notification only" record, confirming that this did not reflect an actual claim on Mr D's policy and so didn't affect his no claims discount. But it was also explained to him that it was an incident that he was liable to declare on future applications for insurance cover.

Mr D was unhappy and complained. Watford explained that under the terms of his policy Mr D was required to notify the insurer of any incident of loss, whether making a claim or not. This he had correctly done. Watford explained that this was standard practice across the motor insurance industry and that it had acted correctly in recording the incident as "notification only".

Mr D complained to this service. He was unhappy that he should suffer as a result of a theft when he wasn't making any claim for loss. He felt that this was an unfair outcome.

Our investigator felt that Watford weren't at fault and explained that it had acted in line with the insurance policy and with standard procedures within the insurance industry. Mr D was unhappy with that view and so has asked me to consider the case.

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'm not upholding this complaint against Watford. I know this will be a disappointment to Mr D, particularly given the circumstances of the incident leading to this complaint, but I will explain why I have come to this conclusion.

I want to first express my sympathy for Mr D's situation. He suffered a break-in by a group of attackers at his sister's home, while he was present, when the keys and car were stolen. I recognise that this would have been an extremely upsetting incident and that the issues he has had regarding his insurance would only have added to his upset as a victim of crime. But it is my role to consider whether he has been treated unfairly or not by his insurer and in all of the circumstances of this case I conclude that he has not.

Mr D is aware of the requirement for him to notify his insurer of any incident relating to the insured vehicle which he correctly did. Insurance contracts are effectively based around managing risk and insurers use a range of data to understand the risk of insurance and to

help set the cost of premiums. To manage data across the industry a central record is kept of information which includes claims and other incidents of loss. It's up to insurers to decide how they use that data to make insurance decisions and they will often have different approaches based on their own business model.

While it's not my role to make judgements about industry practices such as these, it does fall to me to consider whether an insurer has acted fairly in how it treats a customer. In this case Watford correctly recorded the incident as "notification only" meaning that the record shows that Mr D suffered a loss but that he did not make a claim for this loss. As has been explained, that means that Mr D's no claims discount remained intact. But it remains the fact that Mr D did suffer a loss and this is information which the insurance industry records to help manage risk.

Mr D is concerned that he will have to declare this incident in future applications for insurance and was unhappy that he got conflicting information about this at first. It is the case that when applying he will need to answer the questions he is asked accurately and to the best of his ability, but insurers have differing approaches to how they use records and other data to set premiums, and the questions they ask.

I recognise that Mr D feels this is an unfair outcome after what he has been through but I can only restate that Watford have not treated him unfairly in how they have handled this matter and recorded the loss he suffered.

My final decision

My final decision is that I do not uphold this complaint against Watford Insurance Company Europe Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 February 2025.

John Withington
Ombudsman