

The complaint

Mr L complains that Tesco Personal Finance Limited (“Tesco”) unfairly recorded a notification of loss when he told it he didn’t want to make a claim.

What happened

In August 2024, Mr L identified a blocked external rainwater drain at the rear of his property. He didn’t know the cause of the blockage and wanted to understand what his home insurance policy with Tesco covered.

He phoned Tesco and gave his policy number, explaining the issue in detail. Tesco then informed Mr L about what his policy would cover, including things like the investigation and repair – and what he’d need to do if he wanted to make a claim.

The adviser proceeded to open a claim for Mr L, despite the fact he told the adviser he wasn’t sure if he’d be claiming on his policy. Mr L says the adviser then reassured him that if he decided not to make a claim, there would be nothing to worry about and that they’d only be leaving a file note on the policy for future reference.

Mr L says that at no point was he advised that if he didn’t make a claim, the incident would be recorded as a formal notification of loss. He says this has caused him stress as this will be on his record for five years, and he’ll need to report it every time he renews his home insurance which will impact him financially. Mr L said there was no damage to his property and no loss as he resolved the issue himself. He complained to Tesco, saying he’d been misled and that all he wanted to do was phone for some advice and assistance.

In its response to the complaint, Tesco said it had acted in accordance with the terms of the policy, which said that if the decision was made not to proceed with a claim, then this would be recorded on the policy as a notification of loss.

Mr L remained unhappy, so he referred his complaint to this service. Our Investigator considered it, but didn’t think it should be upheld. She said insurers had a duty to record accurate policy information on the insurance database, so Tesco hadn’t done anything wrong in recording the information in the way it did.

Mr L didn’t agree with our Investigator’s opinion and asked for an Ombudsman to review everything afresh, so the complaint has now come 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.

As this is an informal service, I’m not going to respond here to every point raised or comment on every piece of evidence Mr L and Tesco have provided. Instead, I’ve focused on those I consider to be key or central to the issue in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I’m not

upholding this complaint. I'll explain why.

I've checked Mr L's policy, which says, on page 46 under "General policy conditions" at "7.1 How to make a claim", that if the decision is made to not proceed with a claim, an incident will still be recorded on the policy as a notification of loss.

Insurers are under a duty to report accurate information about customers to the Claims and Underwriting Exchange (CUE), and this includes claims or incidents which could give rise to a claim, such as any loss or damage that's reported to them. Because Mr L reported a blocked drain – an incident which could give rise to a claim, Tesco was under an obligation to record this, which it then did.

This is standard insurance industry practice, even in cases where a policyholder decides not to pursue a claim, having initially told an insurer of an incident. The CUE database enables insurers to consider a consumer's claims and incident history, which is an important factor in an insurer's decision about whether to offer cover to a prospective policyholder, and if so, under what terms (including the premium). So, I've concluded Tesco acted fairly and reasonably in recording the incident.

Both Tesco and Mr L have provided a screenshot of how the notification has been recorded on the policy. The entry refers to "Water Damage" with a value of £0, as no claim was made and therefore no cost was covered in relation to the incident. I think this description reflects the type of incident that occurred. And Tesco has confirmed that the claim status is recorded as "Notification of Loss" only. This also reflects the fact that Mr L didn't pursue a claim and consequently Tesco didn't incur any costs in relation to the incident (such as paying for the drain to be repaired). So, I'm satisfied Tesco correctly recorded the details of the incident on the policy.

Mr L is unhappy that the notification could lead to an increase in premiums when he comes to renew his policy, but Tesco has confirmed the notification won't have an impact on the price of Tesco premiums going forward if he renews his policy. The premium for another policy elsewhere would be a matter for that particular insurer – not Tesco. It would be for a new insurer to assess the risk presented by Mr L when he takes out a new policy, including his claims/incident history. The claims/incident history would be one factor I'd expect any new insurer to consider when deciding to offer a policy, alongside other factors they would assess as part of their commercial decision-making process. And, as I've concluded Tesco acted fairly in recording the incident, I can't hold it responsible for any increase in premium from a different insurer.

Mr L has said the adviser didn't tell him that the incident would be recorded as a notification. Whilst I accept the adviser could've done this, the information about how an incident would be recorded was accessible to Mr L in his policy documents, which were available for him to view before he bought the policy and after he bought it. So I don't consider Tesco unfairly withheld this information from him or that it needed to specifically highlight it before he said anything about the incident, because the term isn't particularly unusual or onerous.

It might be reassuring for Mr L to know that he won't necessarily face higher premiums with every insurer as a result of the notification, as this will depend on each individual insurer's risk appetite. Tesco has confirmed it has run quotes with and without the notification and this returned two policies with identical prices. And it's entirely possible that some increases could be due to other factors unrelated to the notification, such as general price rises across the market.

So, taking everything into account, whilst I'm sorry to disappoint Mr L, I'm afraid I don't consider Tesco to have acted unfairly or unreasonably here, so I won't be asking it to

remove the information it's recorded.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 25 March 2025.

Ifrah Malik
Ombudsman