

The complaint

Mrs B complains about how her insurer, UK Insurance trading as Churchill Insurance (UKI) dealt with a number of claims made under her car insurance policy.

What happened

Mrs B held a car insurance policy underwritten by UKI. In 2022 UKI were notified of two separate claims made against Mrs B's policy. Mrs B denied any involvement, so UKI opened the claims and defended her position. And as UKI didn't hear back from either third-party, it recorded the claims as 'notification only' against the policy. And it told Mrs B these wouldn't impact her annual premium.

In December 2023, UKI was notified of another claim made against Mrs B's policy. It investigated matters and found Mrs B liable for the damage to the third-party vehicle. So, it settled the claim as a 'fault' claim against the policy.

In the spring of 2024, Mrs B was sent her renewal documentation but the annual premium was higher than she was expecting. So, she asked to cancel the policy and complained about the service she'd received.

UKI considered things. It acknowledged the service it provided to Mrs B was left wanting. It said it didn't inform her the third-party claim from December 2023 had been settled like it agreed to do and accepted it had provided some misleading information that the claim had been re-opened when it hadn't. It agreed Mrs B had to contact UKI more times than she needed to and some of these calls were longer than necessary.

It also accepted it didn't cancel the policy after she'd asked it to, which meant it sent her a number of reminder letters of an outstanding premium she needed to pay, which it said must have worried Mrs B. So, it offered Mrs B a total amount of £525 in compensation for the trouble and upset caused. But it maintained it correctly recorded the claims made against her policy. Mrs B remained unhappy and referred a complaint to this Service.

Our Investigator considered the complaint but didn't recommend it be upheld. She said it wasn't unreasonable for UKI to record the claims made against Mrs B's policy the way it did. And although she acknowledged the service Mrs B had received from UKI had fallen short of the expected standard, she felt the compensation it had paid was fair and reasonable in the circumstances. Mrs B rejected our Investigators findings, so the complaint has been referred to me for a final 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.

I want to start by explaining I won't be repeating the entirety of the complaint history here or commenting on every point raised, as the same is already well known to both sides. Instead,

I've focussed on what I consider to be the key points I need to think about in order to reach a fair and reasonable conclusion.

I don't mean any discourtesy by this; it simply reflects the informal nature of this Service and our key function – which is to resolve disputes quickly, and with minimum formality, on the basis of what I believe is fair and reasonable in the overall circumstances of the complaint. However, I assure both parties I've read and considered everything provided as part of this complaint.

The incident from December 2023

There are several main issues with Mrs B's complaint within the overall handling of the claim by UKI, including its communication with her. These also include UKI's recording of the incident on the Claims and Underwriting Exchange (CUE) database (which is a shared record of insurance claims and incidents) regardless of whether a claim was made and the consequent impact on her premiums at renewal.

Firstly, I recognise the strength of what Mrs B has told us (and UKI) about the circumstances of the accident and that she wasn't at fault for it. And I don't doubt her feelings on the matter. But it's not the role of this Service to determine liability for an accident and whether a claim should be deemed a fault claim (or non-fault claim). It's to decide whether UKI acted fairly in the circumstances of – and following – the incident.

Mrs B's policy terms, like in most car insurance policies allow UKI to take over and conduct, in her name, the defence or settlement of any claim. The policy allows it full control of proceedings and to progress them however it thinks best. This means it might take an action or a decision Mrs B disagrees with, but the policy allows it to do so. I can consider if UKI acted fairly and reasonably when doing so.

Looking at the evidence available about UKI's decision to deem Mrs B at fault, I can see UKI contacted Mrs B once it received notification of the incident from the third-party (insurer). Mrs B contacted UKI shortly afterwards to give her version of events. She confirmed her involvement in the incident but said it was the third-party who was responsible. She said the third-party was parked outside the designated parking bay and her car simply touched it when she drove past. She said there was no damage just a 'scuff' mark.

But the third-party sent UKI an inspection report, with photographs of the damage, which seemed to be consistent with the accident Mrs B confirmed she was involved in. As I set out above, it isn't my role to determine liability for the accident but to conclude whether UKI acted reasonably in reaching its decision. Based on the fact Mrs B confirmed she was driving and collided with a parked car, along with an engineer's report confirming the level of damage sustained, I think UKI acted reasonably in assessing the evidence available and the circumstances of the accident. It discussed it with Mrs B, and while recognising her strength of feeling on the matter, I think UKI acted fairly and reasonably in reaching its decision on liability.

Mrs B says she had dashcam footage of the incident that UKI failed to consider. She says it would have confirmed the claim costs were exaggerated and the collision was only minor. Whilst I appreciate her point of view on the matter, I don't think UKI acted unreasonably in not obtaining that footage. That's because, Mrs B had already confirmed her involvement - and the footage would simply have supported that. And I don't think the footage would have confirmed the level of damage sustained to the third-party vehicle, unlike an engineer's report that did – and one UKI considered. As such, I don't think UKI failed to fairly assess the claim or make an unfair claims decision. It follows, I don't think it needs to amend how it recorded the claim.

Customer service and policy cancellation

I have sympathy for Mrs B's complaint about the poor communications from UKI. She's particularly unhappy about its failure to provide accurate updates on the status of the claim and its failure to end the policy when she asked it to. I haven't detailed everything here – but I've considered everything Mrs B has said about the impact on her.

UKI acknowledges the service it provided was left wanting. And that it failed to update Mrs B when it said it would, which meant she had to call numerous times for longer than she needed to. It also accepts it failed to end the policy at renewal which meant Mrs B received correspondence asking her to repay an outstanding balance, that it agrees she didn't owe.

I accept that it must've come as a disappointment to Mrs B to find out the claim had been settled without her knowledge. And I can see Mrs B had to chase UKI several times unnecessarily. I think this would've caused some additional upset and frustration for Mrs B over and above what I would expect to see in a normal claims process. And I think the way UKI continued to pursue Mrs B for the outstanding premium after she asked not to renew the premium would have caused significant worry and upset that needed a lot of extra effort to sort out. But having looked at everything that's happened here, I'm satisfied the £525 UKI offered fairly reflects the impact UKI's actions had on Mrs B and is in line with what I would direct in similar circumstances. So, I'm not directing UKI to do anything more in settlement of this complaint.

The Incidents from 2022

Mrs B has raised concerns about the way UKI recorded the two claims made against her in 2022. She says she wasn't involved in any motor accidents and there was no damage present on either vehicle or her own. She says the claims made against her are fraudulent and she'd like UKI to remove these records from CUE.

Once UKI were notified of the claims, it contacted Mrs B to get her version of events. And based on her comments, it wrote to both third-party insurers defending her position. It didn't hear back from both insurers, so it subsequently closed the claims as a 'notification only'. Although, Mrs B denies any liability she accepts she was present at both incidents.

As I explained above, CUE is a database where insurers put information about claims and other incidents involving policyholders or third parties who claim against their policyholder. Some of the main reasons for the existence of CUE is to prevent misrepresentation and fraud. And insurers who do use it have a duty to record accurate information.

In instances where a claim is reported but the insurer doesn't have to deal with it and where a third-party hasn't made a claim, like what I think happened here, I think it's fair and reasonable for such incidents to be recorded as "notification only". So, for that reason, I think UKI acted fairly and reasonably in how it recorded things. It follows, I don't uphold this complaint.

My final decision

My final decision is I don't uphold this complaint. I think UKI's total amount of £525 in compensation for the trouble and upset caused is fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 21 April 2025.

Adam Travers
Ombudsman