

## The complaint

Mrs R is unhappy with what Covea Insurance plc did after she notified it of an incident which might give rise to a claim on her business protection insurance policy.

## What happened

Mrs R is a landlord and has a Property Owner's Protection policy with Covea. In May 2022 (through her broker) she notified it of an injury her tenant had suffered when he fell down the stairs at his rented property. She didn't think he was likely to pursue a claim. Covea said it would need to investigate in case he did so. And it appointed loss adjusters. Mrs R subsequently raised concerns about the increase in her premium and the fact the incident had been recorded on the Claims and Underwriting Exchange (CUE) database.

Covea said the tenant had three years from when the injury took place to submit a personal injury claim. And it appeared the tenant was being evicted for (amongst other things) non payment of rent and had attended hospital after the accident for a minor blood clot. That could make it more likely a claim would be made and it therefore needed to investigate the incident when notified of it. It had incurred costs as a result and those costs and the notification did need to be recorded on CUE. It was for other insurers to decide what premium to charge based on that information.

Our investigator noted it was a condition precedent of the policy that Mrs R must advise Covea of any possible claim which she'd done in this case. And he thought it was reasonable in the circumstances of Covea to then instruct loss adjusters to protect its and Mrs R's position in the event a claim was made.

Given that led to Covea incurring costs he thought it acted correctly and fairly in recording that information on CUE. And he was satisfied in calculating Mrs R's renewal premium Covea had treated her in the same way as any other consumer in her position.

Mrs R didn't agree with his outcome. She was unhappy Covea could incur charges which were recorded on CUE without a claim being made. She said this should have been recorded as a notification only.

I issued a provisional decision on the complaint last month. In summary I said:

*Most insurers have an agreement to share information about any incidents, accidents or claims on an external database called the Claims Underwriting Exchange (CUE). Access to CUE is available through a number of different providers. And even where a policyholder provides notification of a potential (rather than an actual claim) that's something an insurer would need to record on CUE and could therefore have an impact on premiums (though that would depend on the underwriting criteria and risk appetite of the insurer involved).*

*In this case Mrs R's policy says in the event of a claim or possible claim she must advise Covea of that as soon as reasonably possible. She did that in May 2022. I appreciate Mrs R didn't think a claim would actually materialise but her tenant had suffered an injury (which appears to have required a hospital visit). So I think it was reasonable of Covea to conclude*

*it needed to establish the circumstances of the incident to ensure it was in a position to make an informed decision on whether to defend or settle any claim that was subsequently made. That did lead to it incurring costs as a result.*

*I appreciate Mrs R doesn't feel those costs should be recorded on CUE but its best practice guide promotes the need to add costs regardless of whether a claim has been paid out or not. So I agree with our investigator it was reasonable of Covea to record both the claim notification and the costs incurred on CUE. And in relation to Mrs R's 2022 renewal with Covea I've seen underwriting information which satisfies me the premium was calculated in line with those criteria (and appears to take into account the actual costs Covea incurred). I think Mrs R has been treated the same as any other policyholder in the same position.*

*However, Mrs R's key concern appears to be about the premium she had to pay in 2023 when Covea declined to offer renewal and she had to take out cover elsewhere; she's referenced her premiums doubling at that point. And Covea has told us by then the amount recorded on CUE included a claim reserve of £75,000. In addition, I understand this would be recorded as an open claim notification until three years after the incident (because that's the timeframe in which the tenant could bring a personal injury claim).*

*I don't think that's the right approach in this case. As I've said I accept actual costs can be recorded on CUE but I don't think it's fair to record costs that might be incurred in future but haven't been. And while I appreciate a personal injury claim could technically be brought within three years of the date of the incident I don't think it's fair to leave the claim open on CUE for that entire period. I think it should have been recorded as closed (and without a claim reserve) at least by the time Mrs R sought cover elsewhere in October 2023.*

*I've gone on to consider the impact of that on Mrs R. She believes the information recorded on CUE led to a significant increase in the premium she needed to pay with her new insurer. That's possible but there could also be other reasons for that increase; I note Covea declined to offer renewal in 2023 because Mrs R's circumstances were outside of its risk appetite.*

*In my view the fair way to resolve this issue is for Covea to remove the claim reserve from CUE (though can continue to include the actual costs incurred) and record this as a closed notification. It should then provide Mrs R with a letter confirming that's what should have been recorded at the point she needed to obtain cover with her new insurer in October 2023.*

*Mrs R can then ask that insurer to recalculate her premiums based on that information (and if that leads to a reduction in the amount she should have paid to refund the difference). And as I think having to take those steps will cause Mrs R some unnecessary inconvenience. Covea should pay her £150 in recognition of that. If Mrs R has any concerns about the actions of her new insurer that's something she can raise as a fresh complaint.*

## **Responses to my provisional decision**

Mrs R agreed with my provisional decision. Covea didn't respond.

## **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 Mrs R has agreed with my provisional decision and Covea hasn't responded I don't have any reason to change the conclusions I previously set out.

### **Putting things right**

Covea will need to remove the claim reserve from CUE (though can continue to include the actual costs incurred) and record this as a closed notification. It should then provide Mrs R with a letter confirming that's what should have been recorded at the point she needed to obtain cover with her new insurer in October 2023. And it will need to pay Mrs R £150 in recognition of the unnecessary inconvenience it caused her.

### **My final decision**

I've decided to uphold this complaint. Covea Insurance plc will need to put things right by doing what I've said in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 14 April 2025.

James Park  
**Ombudsman**