

The complaint

Ms C complains about AXA Insurance UK Plc's handling of claims information under her car insurance policy, and the impact of this on her car insurance premiums.

What happened

Ms C had a car insurance policy with AXA. In early 2023, a third-party insurer, who I'll refer to as A, notified AXA of an alleged claim from January 2023, involving Ms C. AXA informed A this was incorrect, but A continued to pursue the claim. It wasn't until August 2024, that A admitted it had incorrectly logged and pursued this claim, due to a mistake at its end.

Ms C complained to AXA about the incorrect claim information. She felt her insurance premiums with AXA were unfairly inflated due to the incorrect claim information recorded internally with AXA, and externally on The Claims and Underwriting Exchange (CUE). She said as a result she was unable to move to another car insurance provider.

AXA issued a complaint response in September 2024. It accepted it had provided poor service, and hadn't progressed matters with the required urgency, given it knew A had made a mistake. It also accepted it communicated poorly with Ms C and didn't manage her expectations. But it said the incorrect claims information had been removed from CUE, and she'd not been charged extra premiums unfairly. It paid her £850 compensation.

Ms C referred her complaint to the Financial Ombudsman Service. She wanted her premiums for 2023 and 2024 to be reviewed, and corrected, based on the incorrect claim information being removed from the relevant records.

Following this, AXA carried out a recalculation of the affected premium using the correct claim information. This resulted in a reduction of £100.42, which it offered to apply to Ms C's remaining monthly car insurance premium payments. It also offered a further £200 compensation in addition to the £850 it had already paid.

The Investigator said AXA's offer, as outlined above, was fair and reasonable in the circumstances. They said the initial error was caused by A, although there was delay on AXA's part following this. But they were satisfied the substantial increase in Ms C's premiums in 2023 and 2024 was not due to the incorrect claims information.

Ms C didn't agree. She felt the substantial increase in premiums were due to AXA's errors, and this impacted on the premiums offered by other insurers, so she was unable to move to another car insurance provider. She said AXA didn't act in her best interests, and this delayed resolution of the incorrect claim A had logged. She also said AXA's online portal still showed the incorrect claim, although she later confirmed this had been removed.

Because the complaint couldn't be resolved, it's been passed 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.

I should first set out that I acknowledge I've summarised Ms C's complaint in a lot less detail than she has presented it. Ms C has raised a number of reasons about why she's unhappy with AXA. I've not commented on each and every point she's raised but, instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Ms C, however, that I have read and considered everything she's provided.

Ms C raised concerns about a cancellation fee AXA applied. If Ms C wishes to complain about this, she should first raise this directly with AXA.

AXA's actions

It's accepted by all parties that A was responsible to begin with, for the incorrect claim being logged and pursued, and the information it recorded on that basis. I can see A confirmed to Ms C it was responsible for this error, and offered her £300 compensation. And I agree with the Investigator that AXA isn't responsible for A's actions.

But having reviewed all the available evidence, I'm satisfied AXA did act unfairly, following A's error, causing Ms C avoidable additional distress and inconvenience.

AXA accepts it provided poor service, which included not keeping Ms C updated on what was happening with the claim, reopening the incorrect claim when it knew this was a mistake on A's part, communicating poorly with Ms C, not managing her expectations and not dealing with the matter of the incorrect claim with the requisite urgency.

In addition to the above, AXA also told our service it accepts it could have explained matters to Ms C better, and its responses were too simplified and generic. It also accepted it re-opened the incorrect claim when it shouldn't have, and this resulted in it not closing correctly.

In short, AXA accepts there were issues it caused, that it was responsible for, following A's initial error. Having reviewed the evidence, I'm satisfied this was the case, and I'm satisfied that AXA's actions delayed the resolution of the issue caused by A, causing Ms C further avoidable distress and inconvenience.

In addition to the above, I've also seen evidence of AXA's internal communications, and I'm satisfied this shows AXA could have done more to ensure the incorrect claims information didn't show on its portal. This has since been corrected and removed, but I consider this too would've caused Ms C some additional avoidable distress and inconvenience.

Impact on premiums

Ms C's car insurance premium with AXA in 2022 was £274.06. This increased to £584.99 in 2023 and to £1,281.85 (before the finance charge) in 2024 initially. Ms C feels the premiums in 2023 and 2024 should be more in line with the 2022 premium (£274.06) and that the substantial increase was due to the incorrect claim information having been recorded.

It's not the role of the Financial Ombudsman Service to tell an insurer what risk factors it needs to consider when pricing an insurance policy. Nor is it our role to say what weighting should be placed on those factors. Those decisions are commercial decisions, with different insurers taking different approaches, which helps keep the market competitive.

What I need to determine under this complaint is whether or not AXA has priced Ms C's policy without relying on the incorrect claim information. I've kept this in mind when

considering the complaint.

AXA explained that the substantial increase in Ms C's premiums in 2023 and 2024 were due to it updating its underlying risk premium models. This resulted in a change in its view of the risk associated with Ms C's policies, and the resulting premiums. It also explained that it capped the premium increase at renewal in 2023 but removed the cap in 2024. In addition to the above, it also explained that Ms C benefited from an additional multicar discount in 2023, which she was no longer eligible for in 2024.

In support of the above, AXA provided confidential internal information to show how it calculated the premiums in 2023 and 2024. It also provided evidence to show its offer to refund £100.42 was based on amending the details so the incorrect claim information from January 2023 was not taken into account, in calculating the correct premium. This evidence also shows the incorrect claim wasn't included on the policy at renewal in 2023, so it had no impact on that premium. Having reviewed this, I'm satisfied AXA's offer to refund £100.42 is fair and reasonable in the circumstances. And I've not seen sufficient evidence to persuade me the remaining increases in the premiums from 2023 and 2024, were due to the incorrect claim information. AXA provided evidence to show it applied the refund to Ms C's existing payment schedule, so I won't direct it to do anything else.

Impact on Ms C

I have a lot of sympathy for Ms C in the circumstances. She's explained she was unwell and dealing with family bereavements at the time. So I'm satisfied AXA's actions would've had a substantial impact on her in the circumstances.

Ms C said she was also unable to move to another car insurance provider because of the incorrect information, but I'm not persuaded this was likely the case. I'll explain why.

It appears Ms C assumes that even if she provided the correct claims information to prospective insurers when seeking quotes, insurers would rely on the incorrect claims information on CUE to provide their quotes.

I don't consider it's standard practice for insurers to check the claims information a potential customer provides, against CUE, in providing a quote. I think generally, insurers rely on the claims information a potential customer provides when they seek a quote. Insurers may at some point later, check this information is correct, for example, following a claim, but I don't consider most insurers check this when providing the initial quote. I've also not seen evidence to show Ms C sought quotes using the correct claim information but despite this, was given quotes based on the incorrect claim information.

I don't think Ms C was aware of any claim information issues when her policy with AXA renewed in 2023. And in 2024, I think she'd still have been able to seek quotes from other providers, using the correct claim information. And prior to renewal taking place in 2024, she'd received express confirmation from A that it had incorrectly associated her with the claim from January 2023. So I think she had the information she needed to demonstrate the January 2023 claim information was incorrect. And overall, I don't think Ms C was prevented from seeking quotes from other providers, using the correct claim information, in 2023 and 2024. I can also see that in her letter to our service of September 2024, Ms C confirmed she had obtained quotes from other insurers. It follows that I don't consider Ms C was unable to move to a different insurance provider.

For the reasons outlined above, I'm satisfied overall that AXA's actions would've had a substantial impact on Ms C in her circumstances. AXA already paid Ms C £850, and it has offered to pay a further £200. This would bring the total compensation offered to £1,050.

This is in line with an award we would recommend where the impact of a business's mistakes caused substantial distress, upset and worry, with serious disruption to daily life over a sustained period, with the impact felt over a long time. With this in mind, and considering the circumstances of this complaint, I consider AXA's offer to be fair and reasonable in the circumstances, so this is what I will direct it to pay.

My final decision

For the reasons outlined above, my final decision is that I partly uphold this complaint.

I require AXA Insurance UK Plc to:

- Pay Ms C the further £200 compensation it offered, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 25 June 2025.

Monjur Alam
Ombudsman