

The complaint

Mr A complains that UK Insurance Limited trading as Churchill Insurance didn't cancel his policy when he asked them to and it resulted in an impact on his credit score.

What happened

Mr A had a motor insurance policy with UKI and he called them to cancel the policy in September 2024. The agent confirmed that it was cancelled.

Shortly afterwards, Mr A received emails saying that he had missed payments, so he called UKI to say the policy had already been cancelled. UKI said they would check the calls and let him know.

He heard nothing, and a few days later he called again and was told that they couldn't see a cancellation fee had been charged when he cancelled the policy. Mr A found that his credit score had been impacted by this and he complained.

UKI initially offered Mr A £50 compensation which they later increased to £150, but he rejected it because he said that his credit score had been affected by the missed payment showing on his credit file. UKI paid the £150 compensation anyway, and they also removed all the default markers from his credit file.

Mr A then got another letter saying that the insurance wouldn't be cancelled and enclosing a cheque for £30. When he queried this with UKI they investigated and reported back to him that the letter had been system generated and they were paying the £150 as part of their process.

Mr A wasn't happy with this response and so he brought his complaint to us.

One of our investigators looked into Mr A's complaint and he thought that UKI's payments of a total of £180 were fair.

Mr A disagreed with this and so the case has come to me to review.

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've thought about whether UKI have acted fairly when dealing with Mr A's cancellation, and if not, whether the compensation paid to him fairly reflected the distress and inconvenience experienced.

As I understand it, UKI accept that Mr A contacted them and cancelled the insurance policy, and that they failed to action this resulting in the default being added to the credit file.

Following the complaint, UKI have contacted Experian and had the default markers removed. While I appreciate that this will have impacted Mr A's credit score for a short period, which may have caused him some anxiety, UKI have acted as we would expect by having the markers removed as soon as they became aware of the error. Unfortunately, this correction doesn't always take effect immediately as once UKI have reported the error to Experian, it's up to Experian to action this, and that can take a little while.

Mr A says that he applied for credit in the period when his score was affected, and it was declined. Unfortunately, I can't say for certain whether UKI's default marker was the sole reason for this application being declined, and so I can't directly take this into account, but I've thought more generally about the shock and distress caused to Mr A by finding out that his policy hadn't been cancelled and his credit score was impacted.

Having done so I'm satisfied that the £180 already paid to Mr A fairly reflects the short-term distress and inconvenience caused.

I can see that there was also some miscommunication in respect of the payment of compensation made, but I'm not able to take this into account in my assessment, as it relates to the way that UKI handled the complaint, which isn't a regulated activity.

I also note that Mr A is still being asked for the £72.99 outstanding premium for the time he was on cover. I'm not able to consider whether this is correct or not as it isn't part of the complaint that I'm considering. If Mr A is unhappy with this premium being charged, he will need to take this up with UKI in the first instance.

So, with this in mind, I won't be asking Churchill to do anything further here.

My final decision

My decision is that I'm not upholding Mr A's complaint about UK Insurance Limited trading as Churchill Insurance.

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

Joanne Ward
Ombudsman