

The complaint

Mr S complains about the level of service provided by U Drive Cover Ltd after he applied for a motor insurance policy. He wants compensation and a full refund.

What happened

Mr S took out a policy through Udrive via an online comparison site. But after Udrive validated the policy, it said the insurer could no longer offer cover because of undisclosed claims, an expired No Claims Discount (NCD), a change in the date of the car's purchase and a change in category of use. It said another insurer would offer cover for a premium four times higher.

Mr S was unhappy with this and said the claims information was incorrect. Udrive charged Mr S £125 for cancelling the policy. But it removed his record from a fraud database after he repaid this amount.

Our Investigator didn't recommend that the complaint should be upheld. She thought Udrive had reasonably relied on the Claims and Underwriting Exchange (CUE) database to show that Mr S had two undisclosed claims within the past five years. She thought that if Mr S thought this was incorrect then he should complain to the insurers which had made the records.

She thought Mr S's NCD had expired, and he had told her he was using the car for commuting. So she thought Udrive hadn't made an error when it had corrected Mr S's information. She thought it wasn't responsible for the premium charged by the underwriters. She thought it had fairly charged its cancellation fee. And she thought it had reasonably removed Mr S's record from the fraud database as the misrepresentation wasn't reckless or deliberate.

Mr S replied asking for an Ombudsman's review, so his complaint has come 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 can understand that Mr S was shocked by the increase in the premium he was quoted for cover by another insurer with his information corrected. This was an increase of over 400%.

But I can't consider that here as Udrive didn't set the premium. It acted as an intermediary between Mr S and its panel of insurers. And I can see that Udrive passed the correct information to the insurer, and this resulted in the much higher premium being quoted. And so I can't say that Udrive made an error in this.

Udrive said Mr S hadn't provided correct information in his online application. And I can see that it found two undisclosed claims on CUE. Mr S said he didn't recognise the most recent of these. But that isn't something that Udrive is responsible for. Mr S will need to take this up with the insurer that added the claim if he thinks it's incorrect.

Mr S said he had five years NCD. But Udrive said his most recent policy was taken out four years ago and so his NCD had expired. Most insurers allow NCD if the last policy expired less than two years ago. So I can't say that Udrive made an error when it reduced Mr S's NCD to zero years.

Udrive also corrected the date that Mr S acquired his car. I can't see that Mr S has challenged this.

And Udrive added commuting to Mr S's cover. Mr S said he needed his car to travel to work. But on his original application I can't see that he added commuting. So I think Udrive reasonably corrected this.

So I think Udrive validated Mr S's policy as it's entitled to do. And it then corrected the errors he had made. It then looked for an insurer from its panel that would offer cover with these changed details. And it found that one would do so but at a much increased price. Mr S declined this and said he'd found cheaper cover elsewhere. But I can't see that Udrive made a mistake in the information it passed to its panel. So I think it acted fairly and reasonably and don't require it to pay Mr S any compensation.

Mr S queried why he had been threatened with having his name added to a fraud register unless he paid a fee to remove it. Adding a marker to the fraud register is usually a decision made by the insurer or broker where there has been a reckless or deliberate misrepresentation.

I'm not satisfied that Udrive has shown that Mr S deliberately or recklessly misrepresented information as I think he made some careless errors. And so I think it was unfair to place a marker on the fraud register. But I note that the record was removed shortly afterwards when Mr S paid the cancellation fee and so it shouldn't affect Mr S's future cover. I can see that a new insurer queried the marker with Udrive and it was told to disregard this.

Mr S was unhappy that he was charged £125 for the cancellation of the policy. But I don't think this was unfair as it was in keeping with Udrive's terms of business:

"If the information was provided inaccurately in a careless manner, and the Insurer would not have provided a policy had the correct information been known, you will be charged a cancellation fee of £125.00 plus the time on risk that you have been insured and we will not refund any commission."

I'm satisfied that Mr S didn't provide correct information to Udrive and the insurer wouldn't have offered cover if he had provided the correct information. So I think Udrive was entitled to ask Mr S to pay the cancellation fee. And so I don't require Udrive to pay Mr S any refund.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 May 2025.

Phillip Berechree
Ombudsman