

## **The complaint**

Mr B has complained about his previous commercial vehicle insurer Wakam. He thinks it mishandled a claim made against him by a third-party driver, which caused him upset and to incur additional policy costs.

## **What happened**

In mid-June 2022 Mr B's policy was due to renew and he changed his insurer. About the same time Wakam, through an insurance industry business portal, received a claim against Mr B's policy, in place with it between 2021 and 2022. Mr B's new insurer (for 2022/2023) told him it had noted the claim which Mr B hadn't disclosed and he called Wakam to enquire what was happening and why he hadn't been told. The new insurer increased the premium to account for the claim.

Wakam was notified of the claim on a Saturday evening, it was just a few days later, on the Tuesday, when Mr B contacted it. Wakam advised it had just been informed of the claim and it took note of Mr B's version of events.

The third-party was a motorbike rider. They said Mr B had changed lanes and collided with them. Mr B told Wakam he recalled seeing a motorbike rider trying to overtake him, and that the rider later, whilst stopped at traffic lights, was taking photos of his car. Wakam accepted that Mr B had not been at fault and it began looking to defend the claim; it established there was no damage to, or recent repair of, Mr B's vehicle and began looking for video imagery of the incident. Wakam told the third-party representative that it did not believe Mr B was at fault, but the representative wouldn't accept that. Wakam explained to Mr B that, whilst the third-party was still pursuing matters, it could do nothing other than continue to defend Mr B.

In April 2023 Wakam was notified by the third-party solicitor that it was closing its file.

Mr B's policy renewed again in summer 2023. Again the new policy premium took into account the open and unresolved claim.

In November 2023 Wakam either checked and found, or was notified by the business portal that the claim had been closed as abandoned. In 2024 Mr B contacted Wakam, it realised it had not amended the insurance industry claim database. It thought it should have done that in November 2023. It acted to amend that and issued a letter for Mr B in the meantime explaining the claim had been incorrect.

Mr B was unhappy and complained. In July 2024 Wakam issued a final response letter to Mr B, it said it had taken time to defend the claim, but it could and should have acted to amend the record of it in November 2023, rather than only doing so in 2024, following Mr B contacting it. It said it wasn't responsible for what Mr B had been charged for cover before November 2023 – but if he showed it evidence of costs after then it would reimburse any costs charged on account of the claim.

When Mr B made his complaint to the Financial Ombudsman Service, Wakam said it would pay £75 compensation to Mr B for the upset caused by it not amending the industry

database sooner. Mr B said he wanted £5,000 (later increasing to £10,000) compensation, including his additional premium costs. He said if this was not forthcoming, he would put the matter to the courts with a claim of £30,000.

Our Investigator thought Wakam should have done more in November 2023. He felt it should pay Mr B £200 compensation for the upset caused because it hadn't. He felt its offer to review premium costs was fair.

Mr B didn't think that went far enough. He provided a letter from his broker which said it had been unable to amend the premium for the 2022/2023 policy year because it had ended before the claim was resolved. The broker also said that when the claim resolved in 2024, the 2023/2024 policy was still live so it had been able to re-rate the policy and that resulted in a reduced premium being applied. He felt £200 was insufficient in the circumstances.

The complaint was referred to me for an Ombudsman's decision. I found that I agreed with our Investigator, both that Wakam failed Mr B and that Mr B's request for compensation of between £5,000 and £30,000 was not reasonable. I thought though that Wakam should be paying £750 compensation on this occasion – and that it would also need to pay Mr B £250 compensation for increased costs incurred for the 2022/2023 policy year. So I issued a provisional decision. My provisional findings were:

*“Summer 2022 – The claim and Mr B's new policy*

*It was unfortunate that this claim was logged by the third-party at around the time Mr B was changing his policy. Bearing in mind when Wakam received notification of the claim and when Mr B contacted it, I don't think it could reasonably have acted such that his new policy, starting with that insurer then increasing the premium previously agreed, could have been avoided. So I don't think Wakam is reasonably to blame for that additional cost being applied by Mr B's new insurer.*

*What happened and what should have happened in 2022 and 2023?*

*Wakam had a duty to investigate this claim. And, as our Investigator explained, it could not just close it because Mr B said he was not involved. Even once Wakam established (quite early on) that Mr B's car had not been damaged or recently repaired, that didn't mean it could just close the claim. I bear in mind this was not a case of mistaken identity as such – Mr B was at the place and location of the incident described by the third-party, but they both had different recollections of what had happened. And I think it's quite conceivable that a car could make contact with a motorbike without the car sustaining damage. So this was the type of claim which often is hard fought by both sides and often, in reality, ends up with both settling for splitting liability, rather than letting matters progress and/or end up in court.*

*So I don't think it was unreasonable for the claim to be open and unresolved during 2022 and into the early part of 2023. However, I don't agree with Wakam that it was unable to close it in 2023 until November.*

*In its FRL in 2024 Wakam said:*

*“The last communication we received from the Third-Party representatives was in November last year. They had failed to provide any further information in support of their claim and had threatened to issue proceedings against you. We advised that in light of no new evidence, we were proceeding to close our file and closed the claim on the 7th November 2023.”*

*That is entirely at odds with the details on Wakam's claim file. The claim file shows no direct contact from the third-party representative in November 2023. There was a note in November 2023 saying the business portal had closed the claim as abandoned. The claim file shows the last contact from the third-party representative was in April 2023. Just prior to that Wakam had been defending Mr B's position and pushing the representative for their evidence, if they had any, or to move the matter to court. Seemingly in response to that robust challenge from Wakam the representative, in April 2023, said it was closing its file. Wakam's file shows it did nothing at that time.*

*When the detail from the business portal was received in November 2023, Wakam still did nothing, only acting when Mr B got in touch in 2024. Wakam accepts it failed Mr B in that respect. But I think it failed him dating back to April 2023. With April 2023 crucially being whilst Mr B's 2022/2023 policy was still live and before his policy for 2023/2024 began. I think that Wakam should have acted in April 2023 – whether that was, for example, to contact the portal to get the claim closed, or perhaps to write a letter for Mr B confirming it had been told the claim was not being pursued. In my view it should have done something and, I think, if it had, that would have changed what Mr B was charged for the remainder of the 2022/2023 policy year and for the coming year.*

#### 2022/2023 policy year

*Mr B approached his broker to get charges for this year amended. As the broker notes, a review like that – once a policy year has ended – would need to be completed by the insurer. But the broker also explained that, in 2023/2024, it was able to revise the charges for that year's cover because that policy was still live. So I think, if Wakam had done something, as I've suggested above, in spring 2023, the broker would have acted then regarding that live policy. Now any re-rating would likely only have been across the remainder of the policy year – but it would likely have given Mr B some relief from the high costs he'd been incurring.*

#### 2023/2024 policy year

*The year began, I believe, in June 2023 (with Wakam having agreed to review pricing from November 2023). I think if it had acted in April 2023, as I've suggested it should have, the correct detail would have been available to the broker and insurer when the policy year began a few months later. Which would mean Mr B's policy would have been priced correctly from the outset.*

*When the broker did re-price the policy, shortly before it ended, a premium amendment was applied of £519.67. From what little detail I have seen, it seems this was the premium adjustment for the whole policy year. So Mr B's broker has rectified the issue of the increase premium charged for 2023/2024, by reimbursing this sum to Mr B. I'll likely require Wakam to pay Mr B some interest though, as I said, Mr B would never have suffered an increased cost in this policy year if Wakam had acted reasonably in April 2023.*

### Upset caused to Mr B

*I've noted above that Mr B suffered increased costs of insurance for longer than he should have had to. From around April 2023 until Wakam amended the database in around July 2024. I don't doubt that caused him some worry as well as inconvenience. It is also clear to me that Wakam did not communicate very well with Mr B – he had to chase it to be told anything. And the matter would clearly not have been removed when it was but for Mr B contacting Wakam. And Mr B has since been dealing with his broker trying to get it to amend his premium, which I accept was also a source of inconvenience. I think fair and reasonable compensation in the circumstances is £750.”*

And I explained what Wakam would need to do to put things right:

*“Wakam has offered to review what price Mr B should have been charged, at least from November 2023 onwards. But I have a difficulty in making a direction in this respect – even one which is extended to include costs backdating to April 2023. That is because any such direction relies upon Wakam being able to obtain data from Mr B's other insurers. Such data is usually viewed as commercially sensitive – as such some insurers are even sometimes initially reluctant to share it with this Service. So I think it's unlikely that Wakam will ever be able to get any meaningful detail from Mr B's other insurers.*

*It would also seem unlikely, for the same reasons, that the insurers will ever be prepared to share the detail with Mr B. The other insurers, if approached by Mr B, should review their costs and provide some reimbursement to him. But that is putting Mr B to some significant trouble – and if he remains unhappy he will have to make a further complaint about those insurers' decisions. All of which seems quite long winded and full of uncertainty, all to try and obtain reimbursement for costs charged because of Wakam's failure. I don't think that's fair.*

*As such, I intend to propose that Wakam pays Mr B a sum of compensation to reflect the fact he likely incurred additional charges between April 2023 and July 2024 on account of its failure but which it is going to be difficult if not impossible to quantify. The loss suffered for additional policy costs for the 2023/2024 policy year has already been resolved by the amendment arranged by the broker. That was just over £500 and related to a full year of cover. The period of extra charging I've found Wakam liable for during the 2022/2023 policy year was less than six months. So I think it seems reasonable to me to say that it's unlikely any amendment for that policy year would be more than £250, roughly half of the amendment for the full year. I think Wakam should pay this sum.*

*This is not an exact assessment of Mr B's likely loss incurred for an increased premium charged between April 2023 and June 2023. As I've said determining that is likely impossible and the route to take to try and do so would be unfair. In the circumstances I think basing compensation loosely on the adjustment arranged by the broker for the cover in the following year is fair and reasonable.*

*So I recommend that:*

- *Wakam pays £250 compensation to reflect there were likely increased but unquantified costs incurred during April 2023 to June 2023.*
- *Wakam pays nothing for increased costs for June 2023 to July 2024 – that loss has been quantified and remedied by the broker.*
- *However, Wakam should pay interest\* on the sum the broker reimbursed of £519.67, applied on that sum from the date of renewal in 2023 until the date the broker paid this sum to Mr B in 2024.*
- *Wakam pays £750 compensation for distress and inconvenience caused to Mr B.”*

Wakam did not respond to my provisional decision. Mr B said he accepted it.

## **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 Wakam did not object to my provisional findings, and Mr B accepted them, I've no need to revise or change what I said. As such, my provisional findings are now those of this, my final decision.

## **Putting things right**

I require Wakam to:

- Pay £250 compensation to reflect there were likely increased but unquantified costs incurred during April 2023 to June 2023.
- Pay interest\* on the sum the broker reimbursed of £519.67, applied on that sum from the date of renewal in 2023 until the date the broker paid this sum to Mr B in 2024.
- Pay £750 compensation for distress and inconvenience caused to Mr B.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Wakam to take off tax from this interest. If asked, it must give Mr B a certificate showing how much tax it's taken off.

## **My final decision**

I uphold this complaint. I require Wakam to provide the redress set out in the above section headed "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 July 2025.

Fiona Robinson  
**Ombudsman**