

## The complaint

Mr E complains that U K Insurance Limited (“UKI”) mishandled his motor insurance policy.

## What happened

The subject matter of the insurance is a car, first registered in 2016. Mr E acquired the car and from about 20 September 2016, he insured it on a comprehensive policy with UKI. He and UKI renewed the policy with effect from September each year (until 2024 which we will come to).

In February 2020, someone damaged the car while it was parked, and Mr E made a claim on the policy.

In May 2020, Mr E damaged the car and made a claim on the policy.

In mid-March 2022, a third party damaged the car and Mr E made a claim on the policy (“the 2022 claim”). UKI failed to pursue a claim against the third party’s insurer (which was a non-UK insurer).

In August 2022, UKI quoted Mr E a renewal price for the year from September 2022. Mr E complained to UKI (“the 2022 complaint”) that the price had been increased because UKI hadn’t resolved the 2022 claim.

By a final response dated 13 September 2022, UKI accepted the 2022 complaint. UKI said that the third party had taken responsibility, so it “*allowed*” Mr E’s no-claims discount (“NCD”) and reduced the renewal premium to under £250.00. UKI said it was sending Mr E £200.00 compensation.

Mr E didn’t bring the 2022 complaint to us within six months after 13 September 2022.

For the year from about 20 September 2023, the renewal cost was about £500.00. The policy covered Mr E as policyholder and his wife and son as named drivers.

In late November 2023, Mr E’s wife damaged the car, and he made a claim (“the 2023 claim”).

In late August 2024, UKI quoted Mr E a renewal price of about £1,230.00 for the year from 20 September 2024. That included 3 years NCD.

Mr E didn’t renew the policy for the year from about 20 September 2024. Mr E took out a replacement policy with a different insurer.

However, the replacement insurer cancelled the replacement policy, saying that Mr E hadn’t disclosed to it all the claims recorded on Claims Underwriting Exchange (“CUE”) including the 2022 claim.

In early October 2024, Mr E called UKI. After an IT issue, Mr E took out a new policy with UKI for the year from early October 2024, at a price of about £1,250.00. The policy schedule said that Mr E had NCD of 3 years. The policy covered Mr E as policyholder and his wife and son as named drivers.

Mr E complained to UKI about:

- lack of promised call backs, taking a long time trying to get through to UKI, and mishandling of the IT issue;
- reduced NCD
- delay in closing the 2022 claim and the 2023 claim, leading to increased premium.

By a final response dated 15 October 2024, UKI turned down the 2024 complaint in part, namely about the NCD and premium increase. However, UKI accepted the 2024 complaint in part, namely about further delay in the 2022 claim, missed call backs, the time spent on the phone, and the handling of the IT issue. UKI said it was sending Mr E a cheque for £300.00 in compensation.

By a final response dated 15 October 2024, UKI again turned down the 2024 complaint in part, namely about the NCD and premium increase.

In late January 2025, Mr E brought the 2024 complaint to us, at least insofar as it related to his NCD and 2024 premium (“this complaint”). Mr E asked us to direct UKI to give him a “*decent price*”, refund the difference and correct his NCD.

Our first investigator didn’t recommend in mid-May 2025 that this complaint should be upheld. She thought that UKI acted fairly and reasonably in the circumstances.

Mr E and UKI provided further information.

Our second investigator said that she couldn’t give an opinion on the 2022 complaint. She didn’t recommend in late June 2025 that the 2024 complaint should be upheld.

She thought that Mr E had confirmed to UKI that it had offered fair and reasonable compensation for missed call backs, the time spent on the phone, and the handling of the IT issue. She thought that UKI had treated Mr E consistently with their general approach to pricing. She thought that there was no information which suggests their price was based on incorrect information.

Mr E disagreed with the investigator’s opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- The 2022 claim was closed on 13 November 2024.
- UKI told him that an open claim affected the price.
- The 2023 claim is not on CUE.
- Using a comparison site in July 2025, he got quotes much lower than £1,200.00, including from UKI.

### **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.

### Scope of this decision

The Financial Conduct Authority's Dispute Resolution Rules ("DISP") are binding on the Financial Ombudsman Service.

DISP 2.8.2 says that if a consumer makes a complaint, the firm sends a final response, and the consumer doesn't bring the complaint to us within six months, then we can't consider the complaint unless there were exceptional circumstances that prevented the consumer from complying with the time limits.

Mr E hasn't shown exceptional circumstances that prevented him from bringing the 2022 complaint to us within six months after the final response dated 13 September 2022. So I can't review the 2022 complaint in this decision.

### The handling (after 13 September 2022) of the 2022 claim

From at least 13 September 2022, UKI treated the 2022 claim as "*allowed*" or not affecting Mr E's NCD, in other words not his fault.

From about 4 October 2022, UKI pursued a claim against the third party's insurer. I consider that UKI should've chased this up more often.

On 22 April 2024, UKI abandoned pursuit of that claim. I consider that UKI's decision was reasonable. In any event, UKI continued to record the 2022 claim as "*allowed*" or not affecting Mr E's NCD.

UKI has told us that it continued to record the 2022 claim as "*open*".

On 17 September 2024, Mr E called UKI. It gave him incorrect information that it might litigate. That was incorrect and I don't condone that.

### The handling of the 2023 claim

In response to the 2023 claim, UKI settled it in early 2024. By June 2024, UKI had closed the 2023 claim as a fault claim against Mr E. I consider that it could've closed the 2023 claim earlier in 2024. However, UKI closed the claim before the renewal invitation in August 2024.

### Disclosure

Consumer Insurance (Disclosure and Representations) Act 2012 puts a duty on a consumer to take reasonable care not to make a misrepresentation to an insurer when taking out a policy.

Most insurers ask whether in the previous 5 years, any driver has been involved in any accident or claim regardless of fault. That means the question is also regardless of whether the claim is open or closed.

If for example a consumer made a claim May 2020 and an insurer asks in June 2025 about claims in the previous 5 years, then a consumer doesn't have to disclose that claim.

Most insurers subscribe to CUE which records claims information for other insurers to see.

### The replacement policy and its cancellation

I don't find it fair and reasonable to hold UKI responsible for the replacement insurer's cancellation of the replacement policy.

### 2024 NCD and pricing

Different insurers assess risk and set premiums in different ways at different times. The Financial Ombudsman Service can't tell an insurer how to assess risk and set premiums. However, we will check that an insurer has followed its general approach to pricing.

Generally, most insurers take the view that any claim will increase the risk of future claims, but non-fault claims to a lesser extent than fault claims. A fault claim usually also results in loss of NCD or "stepping back" in the number of years NCD unless it is "protected".

In Mr E's case, I don't find it unfair that the 2023 claim resulted in UKI reducing the NCD to 3 years.

UKI's final response dated 15 October 2024 included the following:

*"Claims are rated on a worst-case scenario until liability has been accepted and the outlay of costs fully recovered from the third party insurer."*

So I can understand why Mr E thought that the fact that the 2022 claim was still "open" meant that it had affected UKI's quote in its August 2024 renewal invitation.

However, UKI had recorded the 2022 claim as not Mr E's fault and NCD allowed.

Moreover, UKI has sent us, in confidence, some business- sensitive pricing information. From that, I'm satisfied that the quoted prices were not affected by whether a claim was open or closed. Rather the quoted prices were affected by whether a claim was fault or non-fault.

UKI's pricing of about £1,200.00 was on the basis that the 2022 claim was not Mr E's fault and was allowed for NCD. The main reason for the increase was that the 2023 claim was a fault claim.

As I've said, different insurers assess risk and set premiums in different ways at different times. So I'm not persuaded that any of the quotes Mr E got this summer show that UKI quoted incorrectly or unfairly last year.

I'm satisfied that UKI quoted in 2024 on the basis of correct information. I'm satisfied that UKI quoted in line with its general approach to pricing and treated Mr E the same as it would've treated any policyholder in the same situation at the same time.

### Conclusion

I've noted some delays and misinformation for which UKI was responsible. I've thought about the extra impact of those shortcomings on Mr E at an already difficult time. I consider that those shortcomings wasted his time and aggravated his feeling that UKI was unfairly overcharging him.

I've weighed up the nature and duration of the extra impact on him. However, I don't conclude that this was at a level that makes it fair and reasonable to direct UKI to pay (further) compensation for distress and inconvenience.

Moreover, I haven't found that UKI treated Mr E unfairly by reducing his NCD and increasing his premium. So I don't find it fair and reasonable to direct UKI to increase his NCD or to reduce his premium.

### **My final decision**

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct U K Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 29 September 2025.

Christopher Gilbert

**Ombudsman**