DRN-5667849

The complaint

Mr R has complained about First Central Underwriting Limited's decision to reject a claim he made under his car insurance policy. Mr R also complained about the way First Central handled the set-up of another policy in his name.

What happened

Mr R bought a car insurance policy with First Central in November 2023. In May 2024 he made a claim for damage to his car.

First Central rejected his claim. During its investigation it discovered another policy set up in Mr R's name for another car where a claim had been made.

Mr R said the other policy wasn't connected to him. He was unhappy with the way First Central investigated matters, the delay he says it caused and its decision to reject his claim.

Mr R said the impact of the additional policy had caused a negative marker against his credit score.

First Central didn't uphold Mr R's complaint. So Mr R asked us to look at his complaint.

Since bringing his complaint to this service, First Central said it had completed its investigation into the additional policy and was satisfied it had been set up by way of identity theft. First Central said that in August 2024 it had removed the negative credit marker against Mr R's name for unpaid premiums against the additional policy.

One of our Investigators didn't recommend the complaint should be upheld. She found First Central had reached its decision to reject Mr R's claim under his policy reasonably and in line with the policy. And she found First Central was entitled to carry out an investigation into the additional policy set up in Mr R's name. She didn't find First Central had caused delays.

The Investigator explained that as First Central had since removed the credit marker against Mr R's record, it had acted in a fair and reasonable way.

Mr R didn't agree. He provided a screenshot of his credit record to show First Central hadn't removed the negative credit marker until December 2024. He doesn't agree with its decision to reject his claim.

The Investigator shared the evidence provided by Mr R with First Central to ask it to show it had removed the credit marker promptly. First Central didn't respond.

I issued a provisional decision on 12 June 2025. I thought First Central had acted fairly when considering – and rejecting the claim. But I thought it should pay compensation of £150 for a delay in removing the negative credit marker against Mr R's name.

First Central didn't reply. Mr R provided background information, which I was aware of.

So the case has been passed back 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.

This is what I said in my provisional findings:

"For ease I've set out the complaints under headings below.

The set up of an additional policy in Mr R's name

While investigating Mr R's claim under his policy for an incident in May 2024, First Central discovered an additional policy had been set up in the same month – November 2023 – in the same name as Mr R. It had received verification evidence to identify Mr R when setting up this policy through a comparison website. A claim had been made against this policy for an incident in December 2023.

I can see that First Central investigated the set-up of this policy and the claim. I don't think First Central acted unreasonably here as the verification evidence on the face of it was satisfactory. I haven't see anything to show First Central caused avoidable delays in its investigation.

At the time of responding to Mr R's complaint on 3 October 2024, First Central told Mr R it had closed its investigation. But I can't see that it addressed directly his concerns about the negative credit marker, nor did it confirm the action it told us it took to remove the markers.

Since then, it has confirmed to us it is satisfied the additional policy was a case of identity theft. It provided screenshots to show it had updated its records to reflect this for this policy in August 2024.

Mr R has provided evidence to show the negative credit marker in relation to the additional policy wasn't removed until December 2024. So we asked First Central to show when it had notified the relevant parties to remove the negative credit marker in Mr R's name. As First Central hasn't provide evidence to contradict what Mr R has provided, this shows an unreasonable delay between August 2024 and December 2024.

Mr R says having the negative credit marker meant he was unable to apply for a loan. He's provided a screenshot from a lender to show he was unlikely to be successful if applying for finance.

It can take some time for records to update in these circumstances. Even so, in this case I think First Central should pay compensation to Mr R for the impact of a delay here. I think a reasonable compensation award for the distress and inconvenience caused is £150. This is in line with awards we give in similar circumstances.

First Central's decision to reject Mr R's claim

During its investigation into Mr R's claim for damage in May 2024, First Central identified a number of inconsistencies and concerns. In a letter to Mr R dated 16 August 2024, it set out its concerns and asked Mr R to provide a response. Dissatisfied with the response provided by Mr R, First Central rejected Mr R's claim. It said the address provided by Mr R when setting up the policy didn't match the information the DVLA held for the registered keeper of the car, and that Mr R changed the address online for the policy immediately after First

Central asked for a copy of Mr R's driving licence showing evidence of his address.

First Central wasn't satisfied with the circumstances of the incident which caused the damage as described by Mr R, following an inspection of the car by an independent assessor, and on interviewing Mr R and on searches carried out on the car immediately before the incident.

First Central cited the following condition under the policy:

> *"Fraudulent Claims*
>
> *You must not act in a fraudulent way. If you or anyone acting for you:*
>
> *• fails to reveal or hides a fact likely to influence whether we accept your proposal, your renewal, or any adjustment to your policy;*
>
> *• fails to reveal or hides a fact likely to influence the cover we provide; makes a statement to us or anyone acting on our behalf, knowing the statement to be false;*
>
> *• sends us or anyone acting on our behalf a document, knowing the document to be forged or false;*
>
> *• makes a claim under the policy, knowing the claim to be false or fraudulent in any way;*
>
> *• makes a claim for any loss or damage you caused deliberately or with your knowledge; or*
>
> *If your claim is in any way dishonest or exaggerated, We will not pay any benefit under this section of the policy or return any premium to you and we may cancel your policy immediately and backdate the cancellation to the date of the fraudulent claim"*

and;

> *"Fraud*
>
> *If you or anyone acting for you deliberately or recklessly misrepresents information or fails to reveal facts asked by or on behalf of the insurer when taking out the policy, making changes to it, or at renewal and this affects the terms and conditions or the decision to offer cover, your policy and any other policies you have will be cancelled or voided immediately without further notice. The insurer may recover any costs they have incurred including claims costs, and will not return any premium you have already paid.*
>
> *If you or anyone acting for you carelessly misrepresents or fails to reveal facts asked by or on behalf of the insurer at the time when taking out the policy, making changes to it, or at renewal and this affects the terms and conditions or the decision to offer cover this may result in an extra premium being charged or your policy being cancelled. The insurer may recover any costs they have incurred including claims costs.*
>
> *The insurer will not pay a claim which is in any way fraudulent, false or exaggerated or if you or anyone acting for you makes a claim which is false or fraudulent. In these circumstances the insurer may cancel or void your policy immediately without further notice, and any other policies that you may have with us will be treated in the same*

way. The insurer may recover any costs they have incurred including claims costs, and will not return any premium you have already paid.

If you or anyone acting for you buys a policy with the insurer using an unauthorised intermediary or insurance broker, your policy will be cancelled or voided immediately without further notice. We may recover any costs we have incurred including claims costs, and will not return any premium you have already paid."

We don't decide fraud, but we can look at whether an insurer has reasonably applied the conditions of the policy. Having done so, I'm satisfied First Central has rejected Mr R's claim in line with the policy in light of its concerns."

As I haven't received any new information to depart from my provisional findings, my final decision is the same as my provisional decision.

My final decision

My final decision is that I uphold this complaint in part. I require First Central Underwriting Limited to pay Mr R £150 compensation for the delay it caused in removing a negative credit marker against his name.

First Central Underwriting Limited must pay the compensation within 28 days of the date on which we tell it Mr R accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If First Central Underwriting Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr R how much it's taken off. It should also give Mr R a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 August 2025.

Geraldine Newbold
Ombudsman