

The complaint

Mr A complains UK Insurance Limited (“UKI”) provided poor customer service and gave him incorrect information when he claimed on his motor insurance policy following an accident.

All references to UKI include its agents.

What happened

Mr A renewed his motor insurance policy with UKI around August 2024. Later that month, he was involved in a road traffic accident and made a claim on his insurance policy. Mr A says the accident made him feel very shocked and anxious and he required medication to help him sleep. He says UKI didn’t identify he was a vulnerable customer despite the likely impact of the accident on his wellbeing. As a result, it didn’t make adjustments to help him understand the information it was sharing to help him make well-reasoned decisions.

In September 2024, UKI let Mr A know it declared his car a total loss as it was uneconomical to repair. And it offered him the market value of the car less the excess and the cost of salvage. Mr A says around this time, instead of cancelling his policy, UKI gave him the option of suspending his policy. It also offered to help him find a replacement car as a policy benefit and he’s given us text messages from the replacement car company to show this. Mr A says he chose to suspend the policy instead of cancelling it as that way, it could be transferred to his new car when he found it.

In December 2024, Mr A’s explained he was issued a fine by the Driver and Vehicle Licensing Agency (“DVLA”) for having an uninsured vehicle. He’s said the DVLA hadn’t been informed his car was a total loss and didn’t need to be insured anymore. He considers UKI should’ve done this or sent him reminders to do so but it didn’t because the insurance policy had been suspended rather than cancelled. Although Mr A was able to appeal this decision, he’s explained this caused him further distress.

Following receipt of the letter from the DVLA, Mr A called UKI. During this call, both parties accept Mr A was told he could cancel his policy and he wouldn’t need to pay any further premiums. Mr A was unhappy because if he’d been told this previously, he would’ve cancelled his policy rather than suspending it. He says that would’ve saved him money and would’ve meant he wouldn’t have had the added stress of receiving a fine from the DVLA.

Unhappy with the service he’d been provided by UKI, Mr A raised a complaint. UKI said it would’ve adjusted how it handled the claim if Mr A had flagged how he was feeling after the accident but he didn’t. It said the payment for the policy was due under the terms and conditions whether he cancelled or suspended it. And he wasn’t entitled to a replacement car under the policy terms, so it offered him £150 compensation for being given the wrong information about this. It also said it highlighted to Mr A that he needed to notify the DVLA of the transfer of ownership of his car and it couldn’t do that for him. Mr A didn’t think UKI had done enough to put things right so he asked our Service to look into things.

Our Investigator didn't uphold the complaint as she thought UKI had already offered enough compensation to make up for what had gone wrong. As Mr A didn't accept our Investigator's opinion, the complaint was passed 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.

Based on everything I've seen, I've decided not to uphold this complaint for broadly the same reasons as our Investigator. I know Mr A will be very disappointed. I'll explain why.

Mr A says UKI told him he was entitled to a replacement car as part of his policy benefits. And he's provided text messages from a third party under the replacement car scheme to show this. UKI accepts he was referred to the third party but it says this was done incorrectly as he didn't meet the terms and conditions to benefit from this part of the policy.

I've looked at the relevant terms of the policy. These say in summary if the car which is covered is, for example, written off, UKI would provide a replacement car if the policyholder is the first and only registered keeper of the car and if the car which was covered is less than a year old at the time of the incident. Mr A's car doesn't meet these policy terms as it was around 10 years old at the time of the accident.

I understand it must've been very disappointing for Mr A to be told he wasn't entitled to a replacement car after being led to believe he was but UKI has offered him £150 to make up for this and I think that's reasonable in this case.

Mr A has explained he agreed to suspend his insurance policy with UKI following the accident so he could later transfer the policy to a new car once he received a replacement car. He's said during this time, he was required to continue paying the policy premiums. But he was later told by UKI if he'd cancelled the policy he wouldn't have been required to pay the premiums. UKI has said this is incorrect and he would've needed to pay the premiums either way.

Under the section of the policy booklet relating to making a claim, the terms say if a policyholder's car is written off and the claim is settled on that basis, the outstanding policy premiums remain due and premiums already paid wouldn't be refunded. This is because the policyholder has benefitted from the policy and they need to pay the agreed premiums for that benefit.

I appreciate Mr A's said he was told in December 2024 he wouldn't need to pay any further premiums if he cancelled his policy. And he's unhappy he wasn't told this sooner. Whilst he seems to accept this information was incorrect, he thinks it would be fair for UKI to honour what it said during this call. I consider this would put Mr A in a better position than he would've been in if nothing had gone wrong – i.e. if UKI hadn't given him this wrong information. So I don't think that would be a fair outcome in this case.

Mr A's unhappy UKI didn't do more to ensure the DVLA was notified his car had been declared a total loss. He thinks it would've if his policy was cancelled rather than suspended. As a result, he thinks UKI is responsible for the additional distress and inconvenience he was caused when he was fined by the DVLA and had to appeal it.

UKI has said Mr A was responsible for informing the DVLA he was transferring ownership of the car to UKI and he was no longer the registered keeper. It's given us a copy of a letter it says it sent to him in September 2024 reminding him of this and providing details of how to let the DVLA know. Mr A says he didn't get this letter and in any event, he's highlighted that had UKI cancelled his policy, it would've automatically informed the DVLA the car was a total loss and it wouldn't have fined him. So he thinks UKI caused him further trouble by suspending his policy instead of cancelling it.

Based on everything I've seen, I'm not persuaded UKI is responsible for the trouble Mr A's had to go through with the DVLA. I say this because I'm satisfied it was his responsibility to inform the DVLA he was no longer the registered keeper of the car. And that's the case even if he didn't get UKI's letter prompting him to do so. I'm also satisfied Mr A made the decision to suspend instead of cancelling his policy. Whilst I understand this may have been on incorrect advice, I don't consider UKI has done anything wrong by suspending his policy and following its normal processes when doing so.

I understand Mr A felt very shocked and anxious after the accident he was involved in and I don't think that's unusual in the circumstances. I'm sorry to hear the struggles he went through around the time. I agree it's appropriate for UKI to consider how he might have been coping and ensure he could take in the information it was providing and he could make informed decisions. But UKI has said there were no indicators Mr A was vulnerable at the time and from everything I've seen, including what Mr A's said, I'm persuaded by what it's said.

in any event, even if UKI was aware of how Mr A was feeling following the incident, I don't think it's likely the information it gave Mr A would've been different. So I'm not persuaded the decisions he made would've been significantly different.

Mr A has referred to the Consumer Duty which I've considered alongside all other relevant rules, legislation and good practice to reach the outcome I have. In particular, I agree UKI should've offered him helpful and accessible support and I think there are instances it didn't in this case. But UKI has paid Mr A £150 to make up for what's gone wrong and I think that's already enough to make up for this. So I'm not directing it to do anything more.

My final decision

For the reasons given, I don't uphold this complaint or direct UK Insurance Limited to do anything more than it's already offered. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 October 2025.

Nadya Neve
Ombudsman