

The complaint

Mr P has complained that his motor insurer, U K Insurance Limited trading as Churchill ('UKI') failed to remove a mistaken identity claim from his record for three years. He says this impacted his insurance premiums.

What happened

Mr P had a UKI policy for one of his vehicles. He said when he received his motor insurance policy in September 2021, he realised that UKI had erroneously recorded a mistaken identity claim against his policy in June 2021. Mr P said he was initially told it would take UKI ten days to correct the record but when he contacted UKI in November 2021, it said it was still in the process of removing the claim from the Claims and Underwriting Exchange (CUE).

Mr P said that in 2024 he found out through another insurer that the claim was still on CUE and that this meant that his premiums have been inflated since 2021. He said this could amount to hundreds of pounds and possibly thousands given he has two cars and is a named driver on another three.

Mr P complained to UKI and then brought his complaint to our service and said in addition to the concerns he raised with UKI, he was also concerned that other insurers might accuse him of having made a misrepresentation by not declaring that claim. He wanted to be compensated for his time and effort and the likely higher premiums he had to pay as a result of UKI's failure to correct its error.

UKI responded to Mr P's complaint in July 2024 and upheld it in part. It agreed that it didn't call him back when it promised to do so and that it didn't keep Mr P up to date. In relation to the claim, it said that it had been removed from CUE and that he should now be able to contact his other insurers and ask them to recalculate his premiums. It confirmed that the claim did not impact his premiums for his UKI policy for the previous three years. It didn't uphold Mr P's complaint regarding its handlers not having file ownership which he said impacted the service they provided. It said that all handlers are trained to deal with all claims. It initially offered Mr P £450 compensation but increased this in August 2024 to £750. Mr P didn't agree and said he expected four times this amount.

In March 2025, while the complaint was with our service, UKI reviewed Mr P's past policies and refunded £159.38 with regards to his 2023/24 premium. Mr P was unhappy about this as UKI issued no apology. He was concerned this may have impacted other policies he holds, not just motor insurance ones.

UKI said that Mr P's premium for 2022/23 was £536.48 when it should have been around three times as much but the price was overridden at the time as a business decision. The

premium for 2023/24 should have been £810.48 but was £969.75 and therefore a refund was issued. Nevertheless, the new business price would have been over £3,000 so the premium Mr P was charged was, again, significantly lower. It confirmed that though it did provide a quote in 2024 Mr P did not renew his policy.

One of our investigators reviewed the complaint and thought that UKI's compensation offer was fair and reasonable. Our investigator also said UKI should add interest to the £159.38 refund.

Mr P didn't agree and asked for an ombudsman's decision. He queried whether UKI had considered whether he'd been overcharged in 2021 and 2022. He said he hadn't cashed UKI's compensation cheques (for £450 and £300) and ultimately didn't feel it had been penalised for its actions.

Before I proceeded with my decision we asked Mr P for some additional information. We asked him to contact his other insurers to try to establish the potential impact the claim had on his premiums. We also said that if he can inform them the claim was one of mistaken identity and had since been removed from his record, they might be able to recalculate his premiums.

Mr P responded to say that he wouldn't be able to respond for around a month- until the end of July 2025- because he would be out of the country. We asked Mr P for an update on 4 August 2025 but received no response. We sent a further request for an update on 14 August 2025 and gave Mr P until 21 August 2025 to respond. Our investigator explained that if the information was not received by that date I would proceed with the information available to me.

No response has been received to date, and I have decided to proceed with my 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 appreciate Mr P has made a number of points he'd like me to consider and I'd like to assure him that I have done this in arriving at my decision. Nevertheless, as our aim is for our decisions to be as concise and to the point as possible, I have focused on what I consider to be the main points and mean no discourtesy by this.

UKI's service and the removal of the claim from CUE

I don't think it is in dispute that UKI handled the matter regarding the mistaken identity claim very poorly. Though the claim was recorded in June 2021 it was not removed until July 2024. And this is after UKI consistently told Mr P it would take ten days to amend the record and update CUE. I don't think such a delay is acceptable.

I can also see that it wasn't until Mr P contacted UKI in 2024 that it realised that the claim had not been removed in 2021 despite the assurances it gave Mr P at the time. Again, I think this amounts to very poor service from UKI. I note that when it did try to correct the record in

2024 it still took a few months for CUE to be updated. I understand that though UKI had amended its own records this was not reflected on the CUE system itself which caused further delays which I don't think UKI was wholly responsible for. But, as I said above, it was responsible for the vast majority of the delays. And for this, I think it needs to compensate Mr P.

Mr P doesn't agree with the £750 compensation offered by UKI. He says this doesn't reflect its poor service or the distress and inconvenience he was caused. He is also concerned that the presence of the claim could have impacted other premiums and may have given him less options when taking out insurance. I think it is unlikely it would have impacted his insurance options as he wasn't aware the claim was still on his record when obtaining new quotes and would not have declared it to other insurers. He was also concerned he might've been accused of making a misrepresentation by not declaring this claim to his insurers. I think these are all valid concerns and I was pleased to note that, from what Mr P has mentioned to us, none of his other insurers accused him of making a misrepresentation.

Mr P suffered distress regarding this incorrectly recorded claim in 2021 when he became aware of it. But, from what I understand, between 2021 and 2024 as far as Mr P was concerned, the claim had been removed. So there was no distress caused in the intervening years- though I appreciate Mr P would have been very unhappy if he had known the claim was still on CUE. But as this isn't something Mr P was aware of, it isn't something I am able to award compensation for. But I can consider the additional distress and inconvenience he was caused in 2024 when it was confirmed that the claim was still on his record.

Taking everything into account, I think UKI's £750 offer for the distress and inconvenience it caused Mr P for failing to update its records and CUE is fair and reasonable in the circumstances. And it is in line with awards we would make in similar circumstances. I appreciate Mr P doesn't feel that UKI has been held accountable or punished for its actions, but it isn't the role of this service to punish a business, and this is reflected in our compensation awards. Our role is to ensure a customer is fairly compensated for, among other things, the distress and inconvenience they may have experienced.

Effect on premiums

Mr P is concerned about the effect the claim will have had on his premiums. He said he has other cars and is a named driver on three other cars. Unfortunately, I haven't seen any evidence of Mr P's other policies, but I understand another insurer informed him that, without the claim, his policy would be cheaper. Without any additional evidence it isn't possible for me to say that Mr P was overcharged, nor would it be fair for me to try to estimate Mr P's losses. In any event, even if Mr P had provided evidence to show he was overcharged due to the claim, this is something his other insurers should be able to reimburse him for bearing in mind the claim is no longer on CUE- something they should be able to check for themselves. Also, UKI's final response letter to Mr P explains that the claim was erroneously added to his record at the time. This is something he can share with his other insurers if they have any queries about the claim.

UKI initially said that Mr P's premiums were not impacted by the claim, but it later said that his 2023/24 premium was impacted and that this led to it issuing a £159.38 refund. UKI has provided its underwriting criteria which, due to its commercial nature, I am not able to share

with Mr P. But having considered this, I don't think UKI owes Mr P any further refund regarding the mistaken identity claim. I will also add that it is unlikely that his 2021/22 premiums will have been impacted as the claim was recorded during that policy year. And so it would not have been rated on/included in Mr P's premium calculation until 2022/23.

When Mr P complained to UKI he also complained about another, subsequent, claim involving a cyclist which it delayed closing. As Mr P didn't complain about this to our service I haven't considered it here but I note that the claim has since been closed and Mr P has had his excess back.

My final decision

For the reasons above U K Insurance Limited trading as Churchill must pay Mr P £750 compensation for the distress and inconvenience it caused him, if it hasn't already. If the cheques previously issued have now expired it must issue them again.

U K Insurance Limited trading as Churchill must also pay Mr P £159.38 by way of a refund for his 2023/24 premium if it hasn't already. It must also add interest on this amount at a rate of 8% per year simple from the date Mr P paid the premium to the date it pays him.

U K Insurance Limited trading as Churchill must pay the compensation within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.

If U K Insurance Limited trading as Churchill considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P 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 P to accept or reject my decision before 9 October 2025.

Anastasia Serdari
Ombudsman