

The complaint

Mrs J complains about the service she received following a claim made on her motor insurance policy with U K Insurance Limited trading as Churchill Insurance.

What happened

Mrs J held a motor insurance policy with UKI. She made a claim when her car was damaged in an accident in June 2024. Mrs J says her car was written off as a category N and she was able to buy it back.

In June 2025, when Mrs J contacted the Driver and Vehicle Licensing Agency (DVLA) to renew her tax she discovered that UKI had registered her car as a category B write off, which is used for cars with serious, irreparable damage that cannot be put back on the road.

Mrs J complained to UKI. She said she was never told about this. She said she was concerned that she had unknowingly been driving a car that had been categorised as a category B write off for almost a year. Something she shouldn't have been doing by law. UKI acknowledged it had made a mistake. It immediately offered Mrs J a hire car so she could remain mobile because she said she needed a car to get to and from work and was a carer for a relative.

To put things right for Mrs J, UKI recategorised her car to a category N, refunded the costs she had incurred for car hire and a taxi and paid her £250 for the distress and inconvenience caused.

Mrs J remained unhappy and referred her complaint to our Service.

Our investigator didn't uphold the complaint. She didn't think UKI needed to do anything more as it had compensated Mrs J for the financial loss she had suffered.

Mrs J didn't agree. She said UKI should refund her the car insurance premiums, road tax and breakdown recovery premium she had paid for the year.

So, the case has been 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.

Firstly, I acknowledge I've summarised Mrs J's complaint in less detail than she's set out. Mrs J has raised several reasons why she's unhappy with the way UKI has handled this matter. I've not commented on each and every point she's raised. Instead, I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, it simply reflects the informal nature of this Service.

There is no dispute between either party that UKI made a mistake when it returned Mrs J's car, with a category B write-off registered instead of a category N. I have therefore considered overall whether UKI has acted fairly when putting things right.

I have considered Mrs J's request for a refund of her car insurance, breakdown recovery and road tax. But I don't agree these costs should be refunded. Because Mrs J had the benefit and protection of these policies that provided assistance in the event of a breakdown, stolen car, damage etc. This is irrespective of whether she claimed on those policies or not. And the road tax is also a cost that Mrs J would've incurred as part of driving her car. I don't find these were costs Mrs J incurred because of UKI's mistake, so I won't be directing UKI to pay them.

I have also thought carefully about the impact this situation has had on Mrs J once she discovered her car had not been changed to a category N. UKI provided a hire car and acknowledged the inconvenience it caused Mrs J, when the hire car broke down whilst being delivered. Then the replacement hire car was delivered to an incorrect address. UKI also acknowledged that its communication could've been better whilst it was arranging for her car to be recatergorised, correctly, to a category N and this caused Mrs J to do more chasing than she should have had to do.

UKI apologised and paid Mrs J £250. Overall considering what happened, I'm satisfied the amount UKI has paid is adequate compensation when taking into account the impact of its poor claim handling. I'm not directing UKI to pay Mrs J anything more.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 11 March 2026.

Lorraine Ball
Ombudsman