

The complaint

Miss A is complaining U K Insurance Limited ('UKI') has said she was uninsured after she made a claim against a UKI car insurance policy that was insuring a car she had leased. She's unhappy it subsequently added markers against her.

What happened

In September 2023 Miss A acquired a car through a government-backed lease agreement provided by a third-party finance provider – who I shall refer to as M. The agreement was arranged by a dealership – who I shall refer to as 'the dealership'. The car was insured through M's group insurance policy.

In October 2024 Miss A was involved in an accident where the car she had acquired was hit by a third party's vehicle. She contacted UKI to claim for the damage. However, UKI advised her she wasn't insured on the policy. UKI arranged for an investigator to interview Miss A. The investigator concluded that Miss A had made an innocent mistake in believing she was insured to drive the car.

UKI then contacted the dealership who UKI says advised that Miss A had chosen not to be insured through the insurance policy as she wanted her sister to be the insured party. Following this, UKI declined the claim and treated it as a "red repudiation". This meant it said it wasn't willing to insure Miss A any further.

Miss A complained to M and UKI. She said it was the dealership's fault she wasn't insured. She said she had a provisional licence and was always insured as a secondary driver as the car was primarily used by her carer – owing to her disability. She disputed the dealership's testimony and queried whether UKI had actually ever contacted the dealership – highlighting it was no longer in existence. She considered UKI was in breach of several laws and regulations.

UKI reconsidered the situation and downgraded Miss A's marker to 'amber' – i.e. that it was willing to insure Miss A, but it was at the discretion of M. However, it said it wasn't responsible for the dealership's actions. It acknowledged it had previously said it would consider the dealership's actions. But it said this was an error and it paid Miss A £50 in compensation for this.

Miss A maintained UKI was acting unfairly. She said none of what had happened was her fault and was down to the actions of UKI, M and the dealership. She said it was wrong UKI had placed a marker against her and said, as a result of this, M had suspended her account. So she referred her complaint to this Service.

Our Investigator didn't uphold this complaint. She said she was only considering UKI's actions in this complaint – a complaint about M is being considered separately. She said it was clear UKI was told Miss A wasn't insured on the policy and the policy documents sent as part of the policy didn't say Miss A was insured to drive the vehicle. She said UKI was entitled to make the enquiries it did and she was satisfied it had spoken with the dealership. She was satisfied UKI had put things right in recording an amber marker.

Miss A didn't agree with the Investigator and provided several detailed responses. In summary, she set out the following:

- She said UKI couldn't be siloed from this matter. She maintained she had done nothing wrong. She reiterated that she was always down as the secondary driver in any previous agreements she'd taken out.
- She said she provided her driving licence to the dealership twice – once by email and again in person. And she said it was clear she wanted to be insured on the policy. She also said she drove away from the forecourt herself with the named driver alongside her. She queried why the dealership didn't flag this with her at the time if she wasn't insured.
- When she collected the car, she electronically signed the document, but she says she wasn't ever given copies of the documents to show who was insured to drive the car.
- UKI's own investigator had said the dealership was at fault for what had happened and, so, had agreed she hadn't done anything wrong.
- UKI had continued to insure her after she added herself to the policy following the accident even though it had added the red marker, which she said cast doubt on its rating criteria.
- She repeated UKI's actions had meant M had suspended her account. She considered UKI's actions in recording the marker against her to be a breach of various regulations – e.g. GDPR and the Equality Act 2010. She said she was a disabled M customer who relied on M's scheme in good faith. She considered she was being penalised for administrative failings by all parties.
- She set out in detail various concerns she had about M's actions in the handling of the lease agreement.

As Miss A didn't agree with the Investigator, the complaint's 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.

I've decided to not uphold this complaint and I'll now explain why.

I should first set out that I acknowledge I've summarised Miss A's complaint in a lot less detail than she has presented it. Miss A has raised provided several detailed submissions raising a number of reasons about 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 about this, but it simply reflects the informal nature of this Service. I assure Miss A and UKI, however, that I have read and considered everything they've provided.

As I said, Miss A's raised many concerns about what's happened on her lease agreement. But it seems to me that her primary concerns relate to M's actions. But, I need to explain that I'm only considering UKI's actions in this decision. This Service is considering a complaint about M in a separate reference. So, other than where M and the dealership can be held to be acting on behalf of UKI, I'm unable to comment on anything M or the dealership did in this decision.

Ultimately, I consider the primary issue for me to decide here is whether it was fair for UKI to say Miss A wasn't insured to drive the car at the time of the accident and then to subsequently add a marker against her.

I'm satisfied the policy documents show Miss A wasn't insured at the time of the accident. So it wasn't unfair for UKI to say as such. Miss A seems to have accepted that, but she says

this wasn't her fault and was down to the actions of the dealership. Even if that was the case, the fact remains she had an accident in a car UKI was insuring and wasn't insured to do drive it. So UKI was entitled to investigate this.

Miss A has said UKI's investigator said it was the dealership's fault. But I don't think that's what he concluded. He said he thought Miss A made an innocent mistake, but he didn't say it was the dealership's fault. Further to this, I can see UKI did email and speak with the dealership. The dealership said two things that fairly gave UKI concerns:

1. Miss A had specifically advised she didn't want to be insured on the car; and
2. He had witnessed Miss A driving away on her own – with no accompanying passenger – despite only having a provisional licence.

I recognise Miss A strongly disputes what the dealership said. But UKI was told this and it was entitled to take this into consideration. The comments raised by the dealership are significant. He's suggested that Miss A was not only driving contrary to the terms of the insurance policy, but also in contravention of her driving licence. Given this, I don't think it was unreasonable UKI initially added a red marker against Miss A – i.e. it said it wasn't willing to insure Miss A any further.

Miss A has suggested that the dealership was acting on UKI's behalf in arranging the insurance policy. But I don't agree. Miss A went to the dealership to arrange to lease a car through M's government-backed scheme. Through this scheme, the dealership sourced a car for her and arranged for it to be provided to Miss A through the M scheme. UKI provides insurance for all the cars provided through the scheme. And M will set out to UKI who it's permitted to drive the car through the lease agreement. In setting out who was to be insured on the policy, the dealership was acting on behalf of M – not UKI. So UKI isn't responsible for the dealership's actions.

I think it was fair for UKI to reconsider things after Miss A raised a further complaint. Following this, it decided it was willing to accept Miss A made a mistake and downgraded the rating to "amber". I've considered Miss A's comments that she's disabled and UKI had a duty to treat her favourably given she was a vulnerable consumer. There are various regulations and laws – in particular the Equality Act 2010 – that UKI needed to be mindful of this. And I've considered Miss A's comments regarding this. But I'm satisfied UKI has taken this into account.

Ultimately, regardless of the reason for why it happened, she was uninsured when having an accident in a car UKI was insuring. It was fair for UKI to take this into consideration and, so, I don't think it was unreasonable UKI recorded an amber marker against her.

I appreciate Miss A has said this has had a significant impact on her – in particular that M has suspended her account for 12 months. But I haven't seen anything to show UKI acted unreasonably in the way it investigated this matter. And, as I said, I'm satisfied it was fair for it to have added the marker it did.

So, while I appreciate Miss A feels really strongly about what's happened, I don't consider UKI to have treated her unreasonably.

UKI has acknowledged it erroneously told her that it would consider the dealership's actions. But it did rectify this error and apologised. I consider this plus the £50 compensation it paid to be a fair way to put things right. So I'm not requiring it to do more than that.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 12 January 2026.

Guy Mitchell
Ombudsman