

## **The complaint**

Mr I has complained about U K Insurance Limited's (UKI) service following a claim he made on his motor insurance policy. Mr I's policy is branded using one of UKI's trading names. But for simplicity I will only refer to UKI within this decision.

## **What happened**

Mr I was in an accident. He claimed on his policy. UKI deemed Mr I's car to be a total loss. But when looking into Mr I's cover it raised some questions about the annual mileage declared when he took out the policy and about when he bought the car. Having done so it decided Mr I had underpaid for his policy. It gave Mr I a number of options. He chose to pay an additional premium of £124 for his remaining period on cover and accept a proportionately reduced settlement for the claim.

Mr I raised a number of complaints about UKI's service. It responded to those in a series of final response letters. It agreed that some of its service wasn't up to standard. So, it paid Mr I £250 compensation for the distress and inconvenience caused by its mistakes. It also refunded him £520 for additional hire car costs.

Mr I remained dissatisfied and brought his complaint to the Financial Ombudsman Service. One of our Investigators looked into it. She didn't think UKI had done enough to put things right. So she said that UKI should pay Mr I a total compensation payment of £350, inclusive of the £250 it had already paid to him.

Mr I doesn't think that sum goes far enough. So as the matter remains unresolved, it's been passed to me to determine.

## **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.

In bringing his complaint Mr I's raised a number of points. I've considered everything on file but in this decision I don't intend to address each and every point raised. Instead I will focus on what I see as being the key outstanding points following our Investigator's assessment of the complaint.

### *Proportionate claim settlement*

When Mr I took out his policy he estimated that he would travel about 2,000 miles in the car in the policy year. He also told UKI he'd bought the car in 2023. When looking into the claim UKI noted that the car had travelled over 14,000 miles in under six months. It also discovered that Mr I had made a mistake about when he bought the car which was in 2024 and not 2023. UKI said that if it had known these things it would have charged Mr I a higher premium.

Mr I said that he didn't use the car that much and much of the mileage was added by his brother and friends who had their own insurance cover. UKI noted that there was no alternative policy covering the car and it asked for evidence that the other users of the car were insured to drive it. Mr I chose not to produce that evidence. So UKI said an additional premium was payable. I think that was a reasonable response in the circumstances. That's

because the mileage a car travels will likely affect the premium charged. And UKI would, most likely, have remained responsible for covering a third party's claim if the car was in an accident when driven by an uninsured driver. Similarly, how long a policyholder has owned a car can also affect the premium payable. So I think it was reasonable for UKI to say that a further premium would have been payable if it was aware of these things from the outset.

UKI then gave Mr I a choice of how he wanted to proceed, including paying the full additional premium owing or paying only a proportion of that for the period of cover remaining – the idea being that it would then reduce his claim settlement by the same proportion in recognition that he had underpaid for his premium. Mr I chose that option. However, having done so, Mr I asked UKI on several occasions to clarify what this would mean to him in terms of how much it would pay for his claim. But UKI didn't give him that figure. And, on one occasion it gave him the wrong amount. I understand that this was frustrating for Mr I. But I note that this was something that UKI acknowledged when paying him compensation.

Further, on balance, I think this would have still been Mr I's preferred option if UKI had been clear about the figures at the outset. That's because this meant a claim settlement reduction of £289.87 and an additional premium payment of £124. The alternative was to pay the full additional premium of £809. He could also have cancelled his policy but this would have meant that he was not covered for the claim. So, while I can understand his frustration at being asked to make a choice when he wasn't aware of the figures involved, I don't think this led to a different outcome for him.

#### *Mispronouncing Mr I's name*

One of UKI's engineers rang Mr I to discuss his claim. I've listened to that call. The engineer mispronounced Mr I's name. Mr I was clearly offended by this mispronunciation. The engineer didn't repeat his error but I think he missed the opportunity to apologise and perhaps explain how he made this mistake. That said I note that this is something UKI considered when responding to Mr I's complaints and awarding compensation. It's also something I've thought about when I discuss compensation below.

#### *Delays*

Mr I had the accident at the beginning of January 2025. But UKI didn't settle the claim until 10 February 2025 when it sent him a cheque. Some of this delay was caused by UKI, reasonably in my opinion, looking into its concerns to do with Mr I's declared mileage. But it also wasn't clear with Mr I that it wouldn't settle the claim until he'd paid the additional premium. However, after it explained this Mr I paid the premium without delay. But UKI still didn't act to make payment straightaway and when it did it made make that payment it did so by cheque rather than by bank transfer. UKI has recognised its delays here when paying compensation to Mr I. It also paid him £520 to cover hire car costs. This wasn't something Mr I's policy covered him for. So I think UKI's actions are reasonable to recognise the impact of its delays.

I'm aware Mr I thinks that UKI should have paid further hire car costs for a period after 14 February 2025. But by that point UKI had settled Mr I's claim and it was then up to him what he did with that claim settlement amount. So I don't think UKI is responsible for any ongoing hire car costs Mr I incurred after that point.

#### *Policy cancellation and an outstanding balance*

Mr I did not pay his direct debit due in February 2025. So UKI wrote to him and warned him that unless he made payment it would cancel his policy. Mr I did not make the payment and UKI cancelled the policy. I think that was reasonable in the circumstances.

Mr I's policy is clear that if he didn't make the appropriate premium instalments then UKI would cancel his policy. I'm aware that Mr I's car was at that time a total loss. However, UKI had settled two claims on the policy having already settled an earlier claim some months previously. And Mr I's policy specifically says that if it pays for the total loss of a car Mr I

must pay it any remaining balance owing for the premium. So, as UKI has paid out on two of Mr I's claims, he's had the benefit of that policy. Therefore, I think it was reasonable for UKI to tell Mr I that he must make the outstanding payment. And, as he hadn't done so, I think it was also reasonable that it cancelled his policy in line with its terms and conditions.

### *Compensation*

As I've said above UKI has recognised some of its mistakes when it paid Mr I £250 compensation in total. Mr I doesn't think this goes far enough and he isn't satisfied with the extra £100 our Investigator recommended. I've thought about this very carefully. Having done so I'm satisfied that a total payment of £350 compensation (including the £100 our Investigator recommended) is a reasonable sum in the circumstances. An award of that size is in line with awards we might make in cases of similar seriousness where the distress, upset and inconvenience has spanned a period of weeks. That's what happened in Mr I's case as a result of UKI's mistakes. So I don't intend to instruct UKI to make an increased compensation payment.

I understand that UKI has already paid the additional £100 compensation our Investigator recommended to Mr I. But if my understanding is incorrect or Mr I has returned this sum, UKI should reissue it to Mr I now.

### **My final decision**

For the reasons set out above I uphold this complaint. If it has not already done so U K Insurance Limited should pay Mr I a further £100 in compensation. It need not reissue that payment if it has already paid this to Mr I.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 9 December 2025.

Joe Scott  
**Ombudsman**