

Complaint

Mr M is unhappy with the way UK Insurance Limited (UKI) have dealt with a claim following an incident where a third-party vehicle hit his vehicle whilst it was parked.

Background

Mr M's parked vehicle was impacted by a third-party vehicle. Details were exchanged and both parties informed their own insurers. Mr M submitted a claim through his own insurer, and his vehicle was repaired. But when his policy was due to renew Mr M saw his premium had increased quite substantially. He questioned the increase and he was told it was because there was a fault claim open on his policy. He was advised that the third party was denying liability for the incident.

Mr M contacted the third party who in turn contacted UKI. At this point it came to light that UKI had the incorrect registration number for the third-party vehicle and had been requesting confirmation of liability from the wrong insurer. UKI then contacted the correct insurer, liability was admitted, and the claim was closed. At this point UKI paid Mr M £100 for some poor customer service he'd received around this time and reduced his renewal to take account of the non-fault accident.

But Mr M remained unhappy. He is the owner of a number of vehicles and he feels the open claim had a detrimental impact on the premium he's paid for these policies. He also feels that UKI ignored the main part of his complaint and had just closed it without a thorough investigation.

So, he complained to our service. He said:

- UKI had wasted months chasing the wrong third-party insurer.
- That a non-fault accident was recorded as fault and still remained open on CUE. All his policies were affected.
- He had received a very poor service and he felt UKI were trying to scam him.

An investigator looked into his complaint. She agreed that Mr M had received a poor service and there had been unnecessary delays. But she felt that Mr M had played a part in this too when he made a mistake with the third-party registration number. But she felt UKI hadn't done enough and asked UKI to pay a further £150 in compensation.

But Mr M remained unhappy. So, he asked for an ombudsman's decision. In the meantime, his three motor policies renewed again, and it came to light at this time that the fault claim had never been amended to non-fault on an external database, the claims underwriting exchange (CUE). UKI apologised and confirmed that it hadn't affected his premiums on the UKI policy. But it said it may affect policies he had with other insurers. UKI paid Mr M a further £100 for the inconvenience caused. But Mr M remained unhappy so he submitted another complaint to our service.

Another investigator wrote to Mr M. He confirmed that as both complaints were linked, we'd deal with both at the same time. He felt that the award of £350 (in total) for the mistakes and inconvenience caused was sufficient. And that Mr M should approach the other two insurers with which he had policies separately.

But Mr M remains unhappy and has requested an ombudsman's decision.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Let me start by explaining that when a consumer's vehicle is involved in an incident, this will more often than not affect the premium in some way. So, whether it's deemed to be fault or non-fault, or even whether a claim is made or not, once there's been an incident, its recorded and this incident can be taken into account when an insurer is pricing the policy. Changes to risk will also affect the premium. So, when someone moves address or changes their vehicle, this will also impact what the customer pays.

In this case Mr M submitted a claim. I've listened to the call where Mr M reported the incident. And I note that during the call, when Mr M gave the third-party vehicle registration details, the last two letters in the registration weren't in the correct sequence. But it is clear that Mr M also gave the third-party name, address and telephone number, along with the third-party insurer and claim number.

I appreciate that when a claim is submitted it's not always a straightforward process and there can be complications. In this case the repairs invoice wasn't received by UKI until June 2018. And when UKI attempted to recoup its outlay the third-party insurer denied liability. At this point I would've expected UKI to review the file for further information. But from what I can see it just sent an accident information form to Mr M to fill out, without making it clear what was required or why it was required. And it was only when Mr M contacted UKI at renewal in October 2018 that it came to light that UKI had been attempting to recoup its outlay from the wrong insurer.

I agree that Mr M gave incorrect information. But this was a genuine mistake, and everything else he provided was correct. UKI is the insurer here and it's the party with the experience on what needs to happen to progress a claim. So, when UKI realised there may be an issue, instead of pushing the responsibility back onto the consumer, with no explanation, it should've spent some time reviewing its file. If UKI had done this, it would've realised that it enough information to trace the correct insurer. So, I think UKI could've done more to resolve the issue at this stage.

Further to this, when this mistake was realised, UKI should've amended the claims underwriting exchange (CUE) to reflect that the incident was non-fault. And whereas UKI seems to have updated its own system (a system note from 18 October 2018 says no claims discount (NCD) was allowed and premium was amended), the claim remained on CUE as an open fault claim for an additional year, until September 2019.

I think overall UKI's approach to this claim caused a lot of unnecessary distress. Mr M had two other vehicles insured elsewhere, and he felt that the open claim was also having an effect on these premiums too. We've written to Mr M separately about these policies. And Mr M is aware that if he still has concerns about either of these policies, he needs to raise that separately. But even if none of these other policies were affected by the error, Mr M wasn't to know this. As far as he was aware the UKI premium had been reduced when the error was first discovered in 2018, so I can see why he thought he was being overcharged on his other policies when the CUE error came to light.

Mr M was also very unhappy with the service he received. And whereas it's clear that this was a very volatile situation, and Mr M was very frustrated with how he was being treated and became aggressive, UKI failed to recognise why he was frustrated and things went from bad to worse, as Mr M felt he wasn't being listened too.

For example, when UKI sent its final response to the complaint dated 30 October 2018, it never actually mentioned what had happened with the claim. The response dealt solely with the way Mr M was treated during calls on 17 and 18 October 2018. And whereas I appreciate that UKI awarded £100 for what happened during these calls, if the complaint had been properly investigated, it's likely that the CUE issue would've come to light at this stage, and not a full 12 months later.

As it stands UKI have advised that Mr M was never overcharged on this specific policy because the claim was incorrectly recorded. And it's now confirmed that the claim has been recorded correctly both externally (on CUE) and internally on its own database. And all the other insurers that Mr M uses have been contacted and they've all confirmed their current position on the claim. In total Mr M has been offered £350 for the distress and inconvenience this has caused. That's broken down as £100 for the calls on 17 and 18 October 2018, and a further £100 for the issue with CUE. And this service recommended a further £150 for the delays Mr M suffered during the claim.

Having reviewed this file in full I'm going to recommend that UKI increase its compensation award and pay Mr M a total of £500 for the distress and inconvenience this whole episode has caused. This amount should include any compensation that UKI have already paid. I understand Mr M would like more. But even though mistakes have been made, and UKI have conducted a poor investigation, any increases in premium are not due to how the claim was recorded. The incident happened mid-term, so would only have affected the premium at renewal in 2018. And the error was rectified by UKI following Mr M's complaint and before Mr M renewed. UKI have confirmed that on its system the claim was recorded as non-fault from October 2018 onwards. But Mr M needs to be aware that a non-fault claim can also affect his premium which was always likely suffer some form of increase.

And as previously mentioned we have written to Mr M separately about the other policies he has. Issues arising with these policies can't form part of this complaint. But from the information we have, it looks like these policies remain unaffected. Although I'd recommend Mr M direct any concerns about the premiums he's paid to these individual insurers in the first instance.

I feel that UKI had more than enough information from the beginning to progress this claim correctly. I think UKI have handled this poorly, and this has caused Mr M a lot of unnecessary distress. So UKI should pay Mr M a total of £500, less any payments already made for the distress and inconvenience its caused.

My final decision

UK Insurance Limited need to pay a total compensation of £500 (less any amount previously paid) to Mr M for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 July 2020.

Derek Dunne
ombudsman