

complaint

Mr L complains that Advantage Insurance Company Limited delayed in dealing with a claim against his motor insurance made by a third party, and that he was provided with poor customer service.

background

Mr L insures his car with Advantage – although he deals with another company which administers the policy on Advantage's behalf, it's Advantage that's responsible.

Another insurance company wrote to Advantage saying that one of the other company's customers had been involved in an accident caused by Mr L. In fact, the other company gave not Mr L's name but another name altogether, though it did quote Mr L's registration number.

Advantage contacted Mr L. He said he didn't know who the named person was. He hadn't been involved in any accident and it must be a case of mistaken identity.

The timeline of the claim runs like this:

- 11 December 2017 – the accident
- 27 December 2017 – the other insurer contacted Advantage
- 30 December 2017 – Mr L denied involvement
- 4 January 2018 – the other insurer claimed the costs of repair from Advantage
- 12 January 2018 – Advantage noted it needed more information from the other insurer
- 24 January 2018 – Advantage requested the further information
- Advantage received no response, and it appears didn't chase up the information request
- 11 April 2018 – Advantage asked Mr L to inspect his car
- 16 April 2018 – Advantage tried to contact the other insurer again
- 1 May 2018 – information received from the other insurer, which agreed it had recorded the registration wrong and the car involved in the accident wasn't Mr L's car
- 2 May 2018 – the police confirmed Mr L and his car weren't involved
- 9 May 2018 – Advantage removed the claim from Mr L's record

Mr L complained about what had happened, and that he'd had a claim recorded against him for something he hadn't done. Advantage said it had acted properly in recording the claim when it was made, but agreed it could have investigated it more quickly. It offered £100 compensation for that, and later offered a further £50 for wrongly writing to him suggesting the claim was still on his record when it wasn't.

Mr L wasn't happy with that. He wanted the full premium he'd paid, of £650 refunded. Our investigator said it wouldn't be fair to refund the premium since Mr L had paid for insurance and been insured. But he said Advantage should increase the compensation to £350. Advantage didn't agree so the case comes to an ombudsman to review.

my findings

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

Fortunately, the underlying issue here has been resolved. The claim has been removed from Mr L's record, and it wasn't taken into account when his policy renewed, so there was no increase in premium. So all that's left for me to decide is whether Advantage's offer of £150 compensation goes far enough.

I agree with Advantage that it had to record and investigate the claim when it received it from the other insurer. However, Mr L has been clear and consistent from the start that he wasn't involved. It seems the issue was that the other insurer had wrongly recorded the registration number, mistaking an N for an M.

I do think Advantage should have been more proactive. I've set out the time line of events above, and it can be seen that it took two weeks for Advantage to request further information once it had decided what was needed. And it took three months for Advantage to follow that request up with the other insurer.

I note the point Advantage makes, that there was some damage to Mr L's car which could have been consistent with the accident. However, it took four months from the initial claim for Advantage to carry out the inspection, and that could have happened much more quickly.

Overall, I think this matter could have been resolved much sooner if Advantage had been more pro-active. It was right to investigate the claim – but it seems to me that prompt investigation could have revealed it was founded on a simple administrative error much sooner. Mr L had the worry of the claim hanging over him for a longer period than necessary, with the worry about what would happen to his premium at renewal part of that. In all the circumstances, I agree that £350 is fair compensation.

my final decision

For the reasons I've given, my final decision is that I uphold this complaint and direct Advantage Insurance Company Limited to pay Mr L £350 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 November 2018.

Simon Pugh
ombudsman