

complaint

Mr M complains that Liverpool Victoria Insurance Company Limited ("LV") wrongly recorded an accident against his name on a central insurance database ("CUE"). That led to higher insurance premiums for him with his new insurer.

background

The accident took place on 11 April 2013. Mr M told LV he'd sold the car two hours before it happened, to an unknown buyer. He didn't have a receipt. He said he'd also cancelled the policy with LV (through his broker) and had sent the V5 registration document to the DVLA.

LV wasn't aware of the cancellation. The DVLA had no record of a change of registered keeper. LV thought it likely it would have to deal with any claim arising from the accident (including a personal injury claim) as LV was the insurer on record at the time. It recorded a claim against Mr M, the car's insured driver, on CUE.

Our adjudicator thought LV had acted reasonably. She said it looked as though Mr M's insurance was still in place when the accident happened, so LV would have to pay for any claim. There was no proof Mr M had sold the car, either. She said it was fair for LV to record a claim against him on CUE. Mr M then found a receipt for the sale. LV said it would try to trace the person named on the receipt. It said if he supported Mr M's account of events, it would see if the claim could be redirected. If so, the record against Mr M would be removed.

Mr M wasn't happy with the proposed settlement. He said the driver of the car had been convicted. As he was driving without insurance, the claim should be dealt with through the Motor Insurers' Bureau ("MIB"). Mr M asked for a review of the complaint by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I don't think it should be upheld.

The person driving the car when the accident happened was uninsured, and the MIB deals with claims against uninsured drivers. Given those facts, Mr M doesn't see why it shouldn't deal with any claim arising from the accident in this case. He doesn't see why he should be involved in it at all. But the MIB *only* steps in when no valid insurance policy's in place. LV was on record as the car's insurer at the time because of Mr M's policy. That means it's very unlikely the MIB will deal with any claim arising from the accident. And because a passenger was seriously hurt, there's likely to be a substantial personal injury claim.

LV checked with Mr M's broker and there's no evidence he cancelled the policy with LV until two months after the accident. There's also no evidence of other insurance being taken out by the car's new owner. There's no record of a change of registered keeper with the DVLA.

Until very recently, I think all the available evidence pointed to Mr M being the car's registered keeper and its insured driver at the time of the accident. I think LV acted reasonably in recording a claim against him in the circumstances.

LV's now offered to act upon the new evidence he's produced. It's possible the named purchaser will be found and will support Mr M's account of events. If that doesn't happen - or

the MIB isn't persuaded by the new evidence - I don't think LV would have any reason to amend the CUE record.

I don't think there's anything to show LV's been unreasonable in how it's dealt with this matter so far. Given the new evidence, I think LV's offer to try to settle the complaint is a fair way forward.

my final decision

My final decision is that Liverpool Victoria Insurance Company Limited should settle this complaint, as it's already agreed to do, by trying to trace the person named on Mr M's receipt. It should pass any new information to the MIB. If the MIB agrees to deal with any claim arising from the accident, it should change the record on CUE.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 May 2016.

Susan Ewins
ombudsman