complaint

Mr R complains about the way that Royal & Sun Alliance Insurance Plc ("RSA") dealt with the insurance industry Claims Underwriting Exchange database ("CUE") after an incident involving his car, and in particular that it:

- registered an "accident/collision" when his car did not make contact with, or damage, any other party, and would not amend this wording;
- failed to tell him of the entry it had made;
- twice failed to send him a copy of the CUE entry when he asked for this; and
- was slow to remove the CUE entry after the third party insurer withdrew its claim.

background

In December 2012, Mr R was involved in an incident with a third party car at a mini roundabout. Mr R said that his car stopped before making contact with the other car, and supported this with video evidence of the cars and the position in which they came to rest. The third party said that Mr R's car had hit and damaged his car, and the collision was Mr R's fault.

The third party's insurer told RSA that it held Mr R 100% liable for the damage to the third party's car. RSA, having discussed this with Mr R, told the third party's insurer that it would resist any claim. However, in view of the claim, it registered the incident as an accident/collision with CUE. It did not tell Mr R that it had done so. He did not find out about it until May 2013 when he got an insurance quote from another insurer, who told him about the entry.

The third party insurer was slow in progressing the claim. Having initially said that Mr R was 100% liable, it then offered to accept 50% liability, which Mr R and RSA refused. Finally, in February 2014, it told RSA it was withdrawing its claim and closing its file. After an initial delay, RSA removed the CUE entry. It has advised Mr R to recover the additional premium he has paid in the meantime from the insurer he paid it to.

Mr R complained as set out above. He considers that by registering the incident in the way it did, RSA effectively found him "guilty" of causing an accident, when the burden of proving this was on the third party. As a result, his claims history was affected, and his premiums were higher, and he considers RSA should reimburse the extra premium to him.

Our adjudicator did not recommend that this complaint should be upheld. He said that where, as in this case, there was a disputed claim, it was standard industry practice for this to be registered on CUE, until the dispute was finalised. If the policyholder was found not to be at fault, his no claims discount would be restored, and any additional premium paid refunded by the insurer who had received it.

He confirmed, as RSA had said, that the limitation period for a third party to bring a claim was six years, so a CUE registration could potentially last that long. But in practice it was rare for a case to last longer than 18 months before it was resolved.

He considered that RSA could have made the process clearer to Mr R, as the claim was initiated by the third party. However, he considered that the main cause of delay was the third party insurer, and RSA had taken reasonable steps to resolve the matter as soon as it could.

Mr R did not accept this recommendation, and asked for his complaint to be reviewed.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I consider that Mr R's complaint falls into two parts, the CUE system itself, and the way RSA administered the system and Mr R's claim.

The CUE system has been set up by the insurance industry to provide it with information about past and current claims. So long as a claim is disputed and still open, an insurer such as RSA must register information about it with CUE. Other insurers will look at this information, so it will affect premiums charged while the information remains registered. If it is removed, it is normally for the new insurer, not the insurer who registered the information, to refund any excess premium to its policyholder.

It is for the Financial Conduct Authority, as regulator of the insurance industry, to decide if the system itself is fair and should be allowed. I can only consider whether in operating the system as it stands, RSA has acted fairly and reasonably.

Mr R says that by registering an entry in CUE that an accident/collision had occurred, it was in effect prejudging his responsibility for the incident, and that the entry should have been much more nuanced. I do not consider that this was an unreasonable entry for RSA to make. There was a dispute between two parties, one of whom said the cars had collided, and the other said not. The entry did not decide blame. The entry simply gave notice of a potential fault claim, which was the purpose of CUE.

Mr R says that RSA should have told him it was making the entry in CUE and the effect of this. RSA says it describes the CUE system and how it operates on its website and when someone takes out a policy. This may be so, but I do not imagine it is the sort of information that policyholders remember later on. Like the adjudicator, I consider that RSA ought to have told Mr R when it made the registration, and what the effect of this on his future insurance would be. However, he did become aware of this in May 2013, and all in all I do not consider this caused him significant prejudice.

Mr R asked RSA twice for a copy of the CUE entry, RSA's records show that it responded to the second request by sending him a copy. Mr R says he did not receive this. On balance, I consider that it is likely that RSA did send this, even though it did not arrive, for which I cannot hold RSA responsible.

Mr R says it was wrong of RSA to say that a CUE entry could remain for as long as six years. In saying this, I consider that RSA was simply indicating the maximum limitation period that might continue before a third party brought a claim. In practice, RSA has told this service that it would not allow a case with a CUE entry to continue with nothing happening for anything like this time, and this service would expect it to intervene in this way.

I accept that RSA initially was slow to act to remove the CUE entry once the third party claim was withdrawn, but when this was drawn to the attention of another member of RSA's staff, it moved quickly to remove the entry.

I do not consider it is appropriate for me to require RSA in this case to refund to Mr R any extra premiums he has paid. He should seek them from the insurer to whom he paid them.

I conclude that most of Mr R's complaints relate to the CUE system itself, which is not something I can comment on. This was not an easy case for RSA to deal with, given the fundamentally different evidence of Mr R and the third party, and the slowness of the third party insurer in dealing with the claim. Throughout, RSA was supportive of Mr R, and I do not consider that its actions in relation to the CUE system were on the whole unreasonable. I do not consider it would be reasonable for me to require it now to compensate Mr R in any way.

my final decision

For the reasons I have set out above, my decision is that I do not uphold this complaint, and make no order against Royal & Sun Alliance Insurance Plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr R to accept or reject my decision before 15 December 2014.

Lennox Towers
ombudsman