

complaint

Mr M the managing director on behalf of a company G has complained that Qudos Insurance A/S failed to deal with a claim appropriately under its motor insurance policy.

background

G insured several vehicles with Qudos and one was involved in an accident. The other driver made a claim on G's policy. Qudos failed to deal with that claim properly allowing the other driver to obtain judgement in default at court. It then failed to deal with that judgement properly which meant the other driver was able to register a county court judgement (CCJ) against G.

After three months, Qudos managed to get the CCJ set aside. Mr M said this caused a significant loss of business for G. Further G also lost its no claims discount (NCD) for this vehicle despite G paying to protect it.

Mr M complained to Qudos and ultimately brought the complaint to us. The investigator upheld it and said Qudos should pay £1,000 compensation to G. She didn't think Qudos should do anything about the NCD.

Mr M remained unhappy, as G had sustained losses as a result of the CCJ which hadn't been considered so G's complaint was passed to me to decide.

I issued a provisional decision where I said the following:

It's clear Qudos and any of its agents didn't deal with the claim from the other driver appropriately. G's driver denied being involved in this accident. The other driver made a claim, it didn't respond to that claim and that allowed the other driver to get judgement in default and register the CCJ.

G runs a courier and delivery business. Mr M said the CCJ affected the business. It couldn't get credit from its normal suppliers or new suppliers and new customers to include commercial businesses stopped negotiations. Most customers, especially commercial businesses would normally undertake appropriate due diligence checks to include making financial enquiries. So I consider seeing a CCJ on G's credit record would have had an impact. Consequently, I think Qudos should compensate G properly for these losses.

Mr M has also said he received the news of the CCJ being registered against G at the start of his holiday abroad. It then took three months for Qudos and its agents to get the CCJ lifted. Following that, it took another six months for the credit register to restore G's credit status from 'maximum risk' to 'low risk'. Before this happened G's status on the credit register was 'very low risk' and Mr M said, G's status won't change to 'very low risk' until at least April 2018.

Mr M said he and his colleagues spent about 95 hours in dealing with Qudos, solicitors, the court, credit agencies, banks, this service, G's customers and suppliers dealing with the fall out of having the CCJ registered. He is claiming £35 per hour for that making it £3,325. At the time the CCJ was being registered, G was in negotiations with a commercial customer and G didn't win its contract as this customer simply stopped communicating once the CCJ was registered. Mr M said

the contract was worth £5,000 a month artic work and £7,500 a month tail lift work. So for the three months that the CCJ was registered against G this would amount to £38,250. G also lost another customer worth £3,000 in total for those three months. I don't consider these costs and losses to be unreasonable.

At the time, G was going through growth and needed an increase in its fuel limit from its fuel supplier. The supplier at first refused the fuel increase and then reduced the payment terms from 30 days to every 14 days. G also found difficulty getting credit from garages and parts suppliers. Clearly, this was very inconvenient. Mr M said he had to loan money to the company to cover these sorts of issues. I've looked at his loan accounts but whilst I don't doubt the level of inconvenience I can't see that Mr M loaned his company more in 2017 than he did in 2016.

Further, given the issue of the NCD, Mr M said the premiums increased by an average of £350 per vehicle. G has 10 vehicles so that amounts to £3,500. I understand Qudos has now rectified the NCD. However, G is still insured with Qudos and it hasn't yet reimbursed G for this and I think it should now do so.

I consider Mr M has adequately shown the impact of this CCJ on G's business. I think in addition to the £1,000 compensation Qudos should now reimburse the following to G, as detailed below.

- £3,325 for the cost of the time of Mr M and G's staff in trying to sort out the CCJ.
- £38,250 for the loss of the bigger contract.
- £3,000 for the loss of the smaller contract.

Qudos said whilst it fundamentally agreed the complaint should be upheld, it disagreed with some of the findings.

It agreed its agents failed to deal with the claim from the other driver competently. This led to the other driver issuing court proceedings. But it said a problem with the court meant the defence filed wasn't received by the court, which then led to judgement being entered against G. It didn't think it ought to be punished by failings of the court.

It also didn't think it was responsible for any ongoing issues with G's credit rating after the judgement was set aside on 10 March 2017.

It accepted it should pay £3,325 for the cost of the time of Mr M and G's staff in trying sort the matter out. It also didn't think G's NCD should be reinstated. And it was unsure what supporting evidence G had for the loss of the two contracts worth £38,250 and £3,000.

It said in order to conclude this matter, it was willing to offer G compensation of £7,500 based on £3,325 for the cost of the time spent by Mr M and G in sorting this matter out and £4,175 for loss of profits. Or alternatively, that it would nominate an independent forensic accountant to analyse the losses of these contracts.

After some consideration, Mr M is agreeable to accept the £7,500 offered by Qudos. However given some of it relates to the loss of profit, interest should be added to that part.

He also said he's confused about the NCD, as G had to pay an additional premium of around £500 per vehicle, which came to around £8,000 over about two years. And G paid for NCD protection and Mr M didn't understand why when the NCD wasn't protected.

my findings

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

As Qudos admit it and its agents didn't deal with the other driver's claim competently, it follows that any consequences from that to include this apparent court error is still something it's responsible for. As if the claim from the other driver had been dealt with competently then it's more than possible no court errors would have been suffered by G. I don't find it reasonable or indeed fair than Qudos sought to distance itself from the issue that judgement was entered against G in this manner.

As regards the credit rating issue, I understand that it takes time with the credit agencies to build up the credit rating, time without any adverse issues. And I understand that G still had to do its time following the registration of the CCJ to regain its status. Consequently, I don't consider that simply removing the CCJ puts G back in the position it was before.

However, I think it is reasonable given that Mr M on behalf of G now accepts Qudos' offer of a total of £7,500 compensation, which Qudos has broken down saying £4,175 is for loss of profits, interest of 8% simple should be added from 28 days after the CCJ was put on G's record to the date Qudos reimburses G

As regards the NCD, Qudos or its agents already confirmed to G, it was to be reinstated prior to my provisional decision and indeed G was issued with a certificate showing the five years NCD had been reinstated. However, Mr M believes the premium hadn't been amended to reflect that, so he believes G spent around £500 extra per vehicle amounting to around £8,000 over two years. Obviously, this needs to be clarified coherently with an appropriate refund of any extra premium G has paid along with interest of 8% simple from the date each increased premium was paid by G to the date of Qudos' refund. Further, I consider Qudos should issue G with a letter confirming its NCD for future insurers.

my final decision

So for the reasons I've discussed it's my final decision that I uphold this complaint.

I now require Qudos Insurance A/S to do the following:

- As Mr M on behalf of G accepts Qudos' offer of total of £7,500, then it should pay G that within 14 days.
- Interest of 8% simple should be added to £4,175 of that being for loss of profits, from 28 days after the CCJ was put on G's record to the date Qudos reimburses G.
- If it delays payment beyond the 14 days, interest of 8% simple should then be added to the £3,325 from the date of G's acceptance to date it pays G.
- Refund any extra premium G has paid given the NCD issue, adding interest of 8% simple per year from the date of each premium increase to the date it refunds G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M on behalf of G to accept or reject my decision before 5 August 2018.

Rona Doyle
ombudsman