

The complaint

Mr D complains that Skyfire Insurance Company Limited (Skyfire) incorrectly recorded a fault claim resulting in an increased premium, under his motor insurance policy.

What happened

In October 2021 Mr D reported an incident when driving that wasn't his fault. He says Skyfire incorrectly recorded this as a fault claim. When he obtained a new insurance policy in December his insurance premium increased to £14,212.80. Mr D says this is because of the incorrect information Skyfire recorded.

In its complaint response in January 2022 Skyfire says it had made a mistake. It amended the claim to "*non-fault, notification only*" and paid Mr D £200 compensation.

Mr D contacted his insurer to ask it to review his premium. It told him that he'd disclosed the claim as non-fault so there was no amendment to make. It didn't provide a refund. Mr D thought Skyfire was responsible for the high cost of his new premium and complained to the business again.

In its final complaint response in February 2023 Skyfire says it sent notification of the correct claim closure to allow Mr D's new insurer to amend its records and premium. This was done in January 2022. The business didn't uphold this complaint.

Mr D didn't think he'd been treated fairly and referred the matter to our service. Our investigator didn't uphold his complaint. He says Skyfire had resolved matters by amending the incorrect record in January 2022. He says Mr D's subsequent insurer had recorded the claim as non-fault. This meant his premium hadn't been impacted by the incorrect information Skyfire initially recorded on the Claims and Underwriting Exchange (CUE) database.

Mr D disagreed. He says he was in Turkey and had to arrange insurance to drive back to the UK. Because of the fault claim record he wasn't able to obtain insurance from general insurers. This meant he had to use a specialist insurer which cost him a lot more. He says he wasn't aware of Skyfire's error at the time he took out the new cover.

Because he disagreed with our investigator, Mr D asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

What I've decided – and why

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

Having done so I'm not upholding Mr D's complaint. I'm sorry to disappoint him but I'll explain why I think my decision is fair.

There's no dispute that the incident Mr D reported in October 2021 was incorrectly recorded by Skyfire as a fault claim. This was corrected on 12 January 2022. I've seen the amended claim record which correctly shows the claim status as, "*Notification Only*". It also says, "*NCD allowed*". This means there has been no deduction of Mr D's no claims discount as a result of this incident. This is what I'd expect to see.

Mr D's policy with Skyfire was due to run from September 2021 to September 2022. However, he changed his car in November 2021 and used a different insurer to provide the cover he needed. During a conversation with our investigator Mr D confirmed this policy with the new insurer was cancelled. He doesn't remember why. He then tried to take out a new policy whilst he was in a different country so that he could drive back.

Mr D told our investigator that he took out the new policy for £14,212.80 using a comparison website. He says he didn't disclose the claim from October 2021 as this wasn't his fault.

Based on what Mr D says the claim from October 2021 didn't have an impact on the quotes he obtained, as it wasn't declared on his application. If when validating the policy undisclosed claims were identified, this may have altered an insurer's risk assessment and potentially increase the premium or result in no cover being offered. But Mr D says he didn't declare this information.

In February 2022 Mr D's new insurer told him he disclosed the claim from October 2021 as non-fault. So, when he asked it to amend the claim record and his premium, after Skyfire had updated the CUE database, it explained there was no change to be made.

I've thought about Mr D's comments that he wasn't able to obtain quotes from general insurers because of the incorrectly recorded fault claim. But he says he didn't report the claim on the comparison site, as he knew he wasn't at fault. His new insurer provides a different account. It says the claim was reported but as non-fault. But in either of these scenarios the October 2021 fault claim wasn't a consideration. So, Mr D's application for insurance wasn't impacted by Skyfire's mistake.

In Skyfire's final complaint response it says Mr D was able to obtain insurance for £2,937.07 in December 2022. But it says it hasn't seen proof of the vehicle insured or the statement of fact that was provided. It says various factors are considered and premiums are generated based on the information provided. Skyfire says it isn't responsible for the increases in premiums Mr D has claimed.

I can see from our investigator's conversations with Mr D that he intends raising a complaint against the insurer that cancelled his insurance policy. It was discussed that this may have impacted on the premium he was offered by his subsequent insurer. However, my decision is based on Skyfire's actions. I'm not able to consider the involvement of a third-party insurer in my decision here.

Having considered all of this I'm not persuaded that Mr D has been financially disadvantaged as a result of Skyfire's error when recording the claim in October 2021. The indication is that the claim wasn't a consideration at the time he applied for quotes via the comparison website. I'd expect Skyfire to amend the record swiftly when it became aware of its error, which it did. I think it's fair that it offered £200 compensation. But I don't think Mr D has shown that Skyfire caused him to pay more for the car he insured in December.

Mr D was aware of the mistake in January 2022 when the CUE record was amended. He could've sought alternative insurance at this point. However, I can't see that he did this, or that the issue with the claim record from October 2021 was the reason for the increased premium. For these reasons I can't reasonably ask Skyfire to do anymore to resolve Mr D's

complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 11 December 2023.

Mike Waldron
Ombudsman