

The complaint

Mrs E has complained that it was unfair for Lloyds Bank General Insurance Limited (Lloyds) to record details of a claim it declined.

What happened

Mrs E contacted Lloyds to make a claim for an escape of water in her home. It investigated the claim and declined it. Mrs E later complained as she said the declined claim had been recorded as a claim and was affecting the premiums she was being quoted when she tried to get cover with other insurers.

When Lloyds replied to the complaint, it said when it validated a claim it advised customers that if they proceeded it might affect future renewals or premiums. Mrs E had chosen to proceed. It said it couldn't remove it from its database.

So, Mrs E complained to this service. Our investigator didn't uphold the complaint. He said Lloyds has a duty to record the details of the claim, even though it was declined. He said Lloyds didn't need to reimburse any additional premium charged by other insurers.

As Mrs E didn't agree, the complaint was referred to me.

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 don't uphold this complaint. I will explain why.

The majority of insurers are signed up to the Claims and Underwriting Exchange (CUE). Insurers record on CUE any incidents they are aware of and whether they lead to a claim. This includes where incidents and claims have been investigated and declined. This allows insurers to share information and to prevent things like fraud.

When Mrs E made a claim for an escape of water, Lloyds investigated it, including considering information from Mrs E's plumber about the damage, and declined it. It recorded the claim on CUE. I've looked at the information Lloyds recorded and this showed the dates the claim was made and then closed and that no payment was made for it. I'm satisfied that it was reasonable for Lloyds to record this information.

Mrs E has complained that recording this information affected the premiums she was offered by other insurers. It's up to each insurer how they choose to price a policy. Some insurers might take into account previous claims and others don't. Lloyds isn't responsible for how other insurers price their policies and doesn't need to cover these costs.

So, having thought about all of the above, I don't uphold this complaint or require Lloyds to do anything further in relation to it.

My final decision

For the reasons I have given, it is my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 23 November 2023.

Louise O'Sullivan
Ombudsman