

The complaint

Mr B complains about Tesco Underwriting Limited (“Tesco”) and the delays he experienced in settling his claim. Mr B doesn’t think it was fair for Tesco to pause his claim and ask him to provide information he was struggling to obtain from a previous insurer.

What happened

On 15 May 2023, Mr B purchased a new motor insurance policy, underwritten by Tesco. Unfortunately, in June 2023, Mr B was involved in a road traffic accident and so, he made a claim on this policy.

But when Tesco attempted to validate Mr B’s claim, they discovered an undisclosed claim recorded against Mr B from May 2023, just before the policy they provided was inception. So, they requested evidence from Mr B to show this claim had been closed as notification only, as he stated it had been.

But Mr B found it difficult to obtain this information from his previous insurer, who I’ll refer to as “E”. And he didn’t think it was fair for Tesco to delay the settlement of his claim because of this. So, he raised a complaint.

Mr B wasn’t happy with the length of time it was taking Tesco to settle the claim, as he had outstanding finance on the car he was still expected to pay. So, he wanted Tesco to prioritise his claim and settle it, without the information they were asking for.

Tesco responded to the complaint and didn’t uphold it. They recognised the difficulties Mr B may be facing obtaining the information from E. But they thought they were fair to wait for this information to be provided before they settled the claim, as it was needed as part of their validation process. So, they didn’t think they needed to do anything more. Mr B remained unhappy with this response and so, he referred his complaint to us.

While the complaint has been with our service, Tesco took the decision to cancel Mr B’s policy as he didn’t provide the information they requested despite repeated requests. But I note after this cancellation, Mr B was able to provide satisfactory evidence that allowed Tesco to validate the claim and they are now looking to settle it.

Our investigator looked into the complaint and didn’t uphold it. They thought Tesco acted fairly, and in line with the terms and conditions of the policy, when refusing to settle the claim without the information they requested. And as Mr B didn’t provide this despite repeated requests, they thought Tesco were fair to cancel the policy, although they recognised Tesco were now looking to settle the claim as the information had been received. So, they didn’t think Tesco needed to do anything more.

Mr B didn’t agree, maintaining his belief it was unfair for Tesco to delay payment of the claim based on requiring information he was unable to retrieve from E. And so, he thought Tesco should be responsible for the costs he’d incurred relating to the outstanding finance for the car. As Mr B didn’t agree, the complaint has been passed to me for a decision.

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 the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr B. I recognise he purchased the policy with Tesco to help assist him both practically and financially in a situation such as the one he found himself in. So, when his car was deemed a total loss and Tesco delayed in settling his claim, meaning his finance on the car remained outstanding, I can understand why he'd feel this was unfair. And, as the claim was delayed awaiting evidence Mr B was struggling to obtain, I can appreciate why Mr B would want Tesco to compensate him for the inconvenience he'd been caused.

But for me to say Tesco should do something differently than they have already, I'd first need to be satisfied they've done something wrong. So, I'd need to be satisfied they acted outside of the policy terms and conditions when delaying the settlement of the claim. Or, if I think they did act within these, I'd need to be satisfied they acted unfairly in some other way. And in this situation, I don't think that's the case.

Before I explain why I've reached my decision, I think it's important for me to set out exactly what I've been able to consider. I note Mr B has concerns about the finance of his car, and the actions the finance company took when his insurance claim with Tesco was delayed. But our service is handling any and all concerns relating to Mr B's finance separately, under a separate complaint reference. So, I won't be commenting on, or considering, these issues within this decision.

I also note Mr B has raised concerns about Tesco's eventual decision to cancel his insurance policy, even though since this decision was taken Tesco have agreed to settle the claim. Our service is only able to consider complaints that have been raised with a business, where the business have then had up to eight weeks to address the concerns within their own complaint procedure, as set out in the rules put in place by the industry regulator, the Financial Conduct Authority ("FCA").

In this situation, I can see Tesco's only final response letter was issued on 2 August 2023, before the policy was cancelled. So, I'm only able to consider the events that occurred up until that date. And as the cancellation and any impact it had occurred after this response, I'm unable to consider this any further as part of this decision. Mr B is entitled to raise a separate complaint with Tesco about these issues should he wish to do so, and our service would be able to consider them separately once Tesco have had the relevant opportunity to respond.

So, I've then focused on the issues our service does have jurisdiction to consider. And these centre around Tesco's decision to delay the settlement of Mr B's claim on the basis they required further information to validate it.

I've seen Mr B's policy schedule, which sets out the information he provided to Tesco at the inception of the policy. And within this, I can see that no claims or previous accidents were declared by Mr B. So, this information would've been used to calculate the risk and so the cost of the policy by Tesco using their own underwriting criteria.

And I don't think it's in dispute that Mr B did contact E to make them aware of a claim in early May 2023, just before he took out the policy with Tesco. From what I understand, this claim was reported to the CUE database by E, and this was classified as undisclosed.

So, as a claim was showing on the database and this information conflicted with the information Tesco were provided when the policy was inception, I think they acted fairly when asking Mr B for information regarding this claim. And when Mr B explained it was notification only, I don't think Tesco were unreasonable to ask Mr B to provide them with information from E that confirmed this.

While I appreciate this would've been inconvenient for Mr B, had this claim been disclosed at policy inception as it should've been, this action wouldn't have been needed. And it is a customer's obligation to ensure the information they provide to an insurer is correct. So, I do think Tesco were fair to expect Mr B to obtain this information himself, rather than them contact E themselves.

I've also seen that within the terms and conditions of the policy Mr B held, it explains that *"Anyone who makes a claim under this policy must provide us with any reasonable information we ask for that is relevant to the claim"*. It also goes onto explain *"If we request them, you must send us any document or provide us with any information we reasonably require... If you do not provide us with the requested documents, we will cancel your policy"*.

So, I think it was made reasonably clear that Mr B had an obligation to provide documents that were relevant to the claim. And in this case, I think confirmation of how a previous claim was closed was relevant, as this would've impacted the premium Mr B paid and so, potentially the total settlement Tesco would be willing to provide. And I wouldn't expect Tesco to proceed any further with the claim until this information was obtained.

I also think Tesco were reasonably clear with Mr B about what information they needed, and why. I've seen they wrote to Mr B to confirm this, as well as speaking to him over the phone. And while I appreciate Mr B says Tesco stated the claim was recorded as a fault claim, when he doesn't think it was, the point of retrieving information from E was to allow Tesco to correctly understand the claim classification. So, while I do appreciate why Mr B may feel this was evidence of Tesco making a mistake, I don't think it impacted Mr B in a way which means Tesco should compensate him.

So, I don't think I'm able to say Tesco acted unfairly, or outside of the policy conditions, when pausing the claim up until the date of their final response, as Mr B hadn't provided the information they requested. While I do appreciate Mr B's testimony regarding the difficulties, he faced obtaining this from E, this isn't Tesco's responsibility, nor is it an error Tesco made. Should Mr B be unhappy with the way E responded to him, that would be something for him to raise with E directly.

I understand this is unlikely to be the outcome Mr B was hoping for. But I hope I've set out clearly the options now available to him, and why I don't think Tesco need to do anything more based on our services approach and the rules we work within.

My final decision

For the reasons outlined above, I don't uphold Mr B's complaint about Tesco Underwriting Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 January 2024.

Josh Haskey
Ombudsman