

The complaint

Mr and Mrs G's complaint arises from their home insurance policy with West Bay Insurance Plc.

What happened

In March 2023, Mr and Mrs G contacted West Bay to enquire about possible cover for water damage to their property. A few weeks later they confirmed they did not want to go ahead with the claim. In August 2023, Mr and Mrs G received renewal documents and could see that their premium had increased significantly (from £479.89 to £640.44). When they queried the increase they found the claim had been recorded against their policy, with a claim value put at £42. Mr and Mrs G are very unhappy with this, as they say they did not make a claim and only wanted to know the process if they did make a claim.

West Bay says that when Mrs G phoned to discuss the matter the call-handler said they could set up the claim on the phone or they could send them a form to complete. Mrs G confirmed she wanted to set up the claim on the phone. The handler explained what would be covered and that West Bay would appoint loss adjusters to deal with the claim on its behalf. The handler confirmed the excess would be payable but if they withdrew the claim, this would be reflected on the system. West Bay therefore says it made clear it was recording the matter as a claim at that stage.

West Bay says it has to record the matter on the Claims and Underwriting Exchange ("CUE"), which is a central database of incidents reported by insurers, whether the claim is settled, declined or withdrawn and whether any settlement is paid out or not. West Bay also says the recorded value of the claim is the administration fee paid to the loss adjuster and it is correct that it recorded this as the cost of the claim to it. West Bay also says that there are several factors involved in the setting of the premium and the cost of this claim will likely not have been the only factor. However, West Bay says it had recorded the claim as settled rather than withdrawn and it has therefore rectified this. West Bay offered Mr and Mrs G £100 compensation for this.

Mr and Mrs G remained unhappy with this and referred the matter to us.

One of our Investigators looked into the matter. She thought West Bay was entitled to record the matter in the way it had and this was in line with usual industry practice but initially she recommended that West Bay remove the claim cost from the record (so it shows as zero costs associated with the claim instead). However, after further submissions from West Bay the Investigator changed her mind about this and agreed that West Bay was entitled to record this cost.

Mr and Mrs G do not accept the Investigator's assessment. They have made a number of submissions in the initial complaint and in response to the Investigator. I have considered everything they have said but have summarised their main points below:

- They were never informed of an administration fee and there is nothing about it in their policy terms. So it is unfair to record this against their record.

- They only contacted West Bay as they wanted advice to see if it was worth making a claim.
- They did not agree to make the claim and they did not pursue it, so it was wrong for West Bay to report it on the CUE in the first place.
- West Bay only changed the record to show the claim as being withdrawn after they complained.
- The loss adjusters were very poor and unprofessional, for instance they called Mr G when it was Mrs G that had asked them to call her and they called late at around 8pm. They were also difficult to get hold of.
- The way this matter was handled by West Bay has meant their premiums have increased and they could not find cheaper insurance elsewhere either.

As the Investigator has been unable to resolve the complaint, it has been passed 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.

I have listened to the initial call Mrs G made to discuss the damage to the property. Mrs G explains that they had problems with water draining from their shower which was being looked into by their home emergency insurer but they had also noticed water coming through the ceiling that morning. West Bay's call-handler took various details and then said that she could set up the claim over the phone, or email Mrs G a claim form. Mrs G said it would be easier to do it on the phone then. The call-handler took further details and explained that there was cover for 'trace and access' to find the leak and to repair the water damage but not to repair the leak itself. The call-handler also explained that they would appoint loss adjusters to deal with it on its behalf and they'd be in touch to progress the matter.

The call-handler also told Mrs G that there was an excess of £450, which would be payable once work was agreed and due to start, and that the premium may be affected on renewal. She also explained that if at any stage Mr and Mrs G wanted to withdraw the claim, they could do so and it would be closed down and it would be shown as withdrawn on the system.

Given the conversation that took place, I am satisfied that West Bay acted reasonably in setting up the claim and appointing loss adjusters in accordance with its usual claims-handling process. There was no suggestion by Mrs G in the call that she only wanted to obtain information and, even if that was Mrs G's intention in making the call, she did not tell the call-handler that. I do not therefore consider West Bay did anything wrong in setting up the claim and appointing loss adjusters.

The CUE database is widely used by insurers and it is standard industry practice for insurers to record all reported incidents. Having decided West Bay acted reasonably in setting up the claim, it follows that I think it was entitled to record the claim on CUE. It did record the claim as settled in error but has rectified this to show the claim as withdrawn. I think that is reasonable.

I also consider it was reasonable for West Bay to record on CUE how much the claim cost it. The £42 administration fee was not charged to Dr G but was a fee paid by West Bay to its loss adjusters, as part of its cost of dealing with the claim. I do not therefore consider that such fees would reasonably be expected to be set out in the policy document.

Mr and Mrs G have also complained that West Bay only noticed the error after they complained. West Bay rectified the error with the record on CUE promptly once it was aware of the error and there is no evidence that recording the claim as settled, rather than

withdrawn, impacted the premium Mr and Mrs G were quoted. I am therefore satisfied that the £100 compensation already offered by West Bay for this error is fair and reasonable.

Mr and Mrs G also complained about the loss adjusters (that they were difficult to get hold of and called back Mr G instead of Mrs G and at an inappropriate time). I appreciate such things may be frustrating and annoying. However, sometimes things go wrong. Such matters do not always warrant any compensation or other action. Having considered everything provided to me, I do not think I can reasonably require West Bay to do anything more in relation to this.

My final decision

West Bay Insurance Plc has already made an offer to pay Mr and Mrs G £100 to settle the complaint and I think this offer is fair in all the circumstances. So my decision is that West Bay Insurance Plc should pay £100 if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 30 May 2024.

Harriet McCarthy
Ombudsman