

## **The complaint**

Mr T complains that Skyfire Insurance Company Limited (“Skyfire”) mishandled his motor insurance policy.

## **What happened**

The subject matter of the policy is a hatchback car, first registered in 2002.

Mr T acquired the car in about 2019. (From what he has said, Mr T also had another vehicle).

Mr T took out a motor policy for the car for the year from late January 2023. The policy was in the name of an insurance intermediary. Skyfire was the insurance company that was responsible for setting premiums or dealing with any cancellation.

Much of the complaint is about acts, omission and communication by the intermediary on behalf of Skyfire. Insofar as I hold Skyfire responsible for them, I will refer to them as acts, omissions and communications by Skyfire.

In early February 2023, Skyfire asked Mr T to send proof of his no-claims discount (“NCD”), which he did.

In mid-February 2023, Skyfire asked Mr T for his claims history. Mr T responded.

On about 22 February 2023, Skyfire told Mr T it had found a record of a claim registered against him on the Claims Underwriting Exchange (“CUE”) database.

On about 28 February 2023, Skyfire asked for an additional premium and an administration fee totalling over £100.00. Mr T contacted Skyfire again. He asked about cancelling the policy. Skyfire said it had removed the additional charges the same day.

However, in early March 2023, Skyfire asked again for the additional premium.

In mid-March 2023, Skyfire told Mr T that his policy was at risk of cancellation.

On about 22 March 2023, Skyfire sent Mr T a revised statement of fact document. But it incorrectly recorded a fault claim against him. Mr T complained to Skyfire.

At about the same time, Mr T made a data subject access request (“SAR”).

By a form of final response dated early May 2023, Skyfire accepted the complaint, apologised and said it was sending Mr T £75.00 compensation.

In early June 2023, Skyfire offered a further £75.00, making a total of £150.00 compensation. Mr T didn't accept that.

On 6 June 2023, Skyfire sent an email including the following:

*"We have accepted that an error was made by one of our colleagues. We have found that we did not check the Claims Underwriting Exchange (CUE) which is a database used by all insurers to record claim information. We should have done this before we advised the claim was in your name and that we needed proof of claim history to dispute it. Had we done this we would have seen, you were in fact the passenger. For this error being made and the inconvenience it caused you, we offered the £150.00 as compensation."*

Mr T brought his complaint to us later on 6 June 2023.

Our investigator recommended that the complaint should be upheld. He thought that Mr T had to make a SAR to prove he'd provided correct information. It would've been frustrating spending his time and effort on this, the investigator said.

The investigator recommended that Skyfire should pay Mr T a further £100.00 compensation for distress and inconvenience.

Skyfire accepted the investigator's opinion.

Mr T disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- The intermediary insured the vehicle involved in the March 2022 accident. So the intermediary already knew who the driver and the passenger were in that claim.
- Phone operators deliberately mistreated him with unnecessary repeated security questions, purposely to cause further stress to him.
- The threat of cancellation caused a huge scare that he may be driving the vehicle and suddenly be driving uninsured.
- Skyfire mishandled the SAR.
- It was mentally and physically exhausting dealing with sleepless nights, stress and worry they had caused.
- He has spent a lot of time on his case.
- He no longer drives the vehicle he has insured with Skyfire through fear that if he was to be involved in an accident, it would not provide services to a suitable standard.
- An additional £100.00 would not be fair compensation.

### **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.

From its MOT history, I've noted that the car passed its test in July 2022 with a recorded mileage of about 115,000.

When Mr T took out the policy in January 2023, he estimated his annual mileage as 12,000.

Security questions can be irritating especially after things have gone wrong. However, they are necessary to prevent data breaches. Mr T has fallen well short of providing enough

evidence that Skyfire used repeated security questions as a tool to deliberately cause him stress.

As I understand it, insurance companies, rather than intermediaries, have access to CUE. I haven't seen enough evidence to show that Skyfire (or the intermediary acting on behalf of Skyfire) was involved in the claim arising from the accident in March 2022. An insurer other than Skyfire had provided information to CUE about that accident.

In any event, Skyfire later accepted that it should've checked CUE. So I consider that Skyfire could and should have avoided much of the upset and inconvenience Mr T experienced in February 2023. That included being made to feel that Skyfire thought he'd provided inaccurate information about his NCD and claims history.

Skyfire tried to put things right by withdrawing the additional premium and charge. Unfortunately, Skyfire didn't implement that properly. So it caused Mr T further upset and inconvenience in March 2023.

That included mentioning possible cancellation of the policy. However, Skyfire would've had to follow a process of giving notice of cancellation, so Mr T had no reason to believe that he would be left driving while unknowingly uninsured.

I accept that Mr T spent many hours trying to get to the bottom of what had gone wrong and to avoid similar problems in future. However, the focus of that should've been on what was recorded on CUE. And I haven't held Skyfire responsible for that.

From its MOT history, I've noted that the car passed its test in July 2023 with a recorded mileage of about 124,000. So it had recorded about 9,000 miles since the previous July. That was about three quarters of the yearly mileage Mr T had estimated in January 2023. In any event, I wouldn't have accepted that Skyfire's mistakes were so bad that it would've been reasonable for Mr T to be so fearful as to stop driving the car.

The information commissioner's office ("ICO") dealt in August 2023 with Mr T's complaint about the SAR. That was the appropriate body to deal with that complaint. I've noted the findings. I won't comment further.

### **Putting things right**

In conclusion, I don't condone Skyfire's mistakes, but, thinking about their impact on Mr T, I consider that a total of £250.00 is fair and reasonable compensation for distress and inconvenience.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Skyfire Insurance Company Limited to pay Mr T, in addition to its payment of £150.00, a further £100.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 December 2023.

Christopher Gilbert  
**Ombudsman**