

The complaint

Mr M complains U K Insurance Limited, trading as Churchill Car Insurance, has recorded an incident as 'notification only' which is affecting the cost of his motor insurance premium.

What happened

In May 2022, Mr M told UKI he'd knocked a stationary unattended car when parking. At that point, he didn't want to make a claim on the policy as there weren't any issues with his vehicle, he just wanted to let UKI know in case the third party made claim. He was told the claim would be left open for 90 days.

When the time came to renew his policy in December 2022, the cost of Mr M's policy had increased by a significant amount. After contacting UKI about this, it noticed the third party's insurer hadn't been in touch and the claim had mistakenly stayed open for longer than 90 days. It was closed in December 2022 and UKI allowed his no claims discount. As Mr M had to call UKI to get the claim closed, UKI upheld this part of Mr M's complaint. But it explained the matter would remain on Mr M's record as the notification of an incident which could've resulted in a claim UKI would've had to pay for. To apologise for the time it took to close the claim record and impact this had on Mr M, UKI sent him a cheque for £100.

Mr M was unhappy and brought his complaint to this service. He wants UKI to remove the incident from his record as this has increased the cost of his insurance.

Our Investigator looked into matters and thought it fair and reasonable for UKI to record the incident once it was made aware of it and for this to remain on Mr M's record. However, they accepted UKI failed to close the claim within 90 days as it should've where no contact from a third party had been made. But they considered UKI recognised the impact of this by sending Mr M a cheque for £100. So, they didn't recommend Mr M's complaint should be upheld. Mr M disagreed. He says UKI should remove the incident from his record as he feels this is still impacting his premium and will continue to do so for the next five years.

This matter 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 must tell Mr M that I think the Investigator has reached a fair outcome here. So, I don't require UKI to do anything further to put things right. I'll explain why.

After finding out the premium quoted had increased significantly, I can see why Mr M would want to understand the reasons for this. And, after the complaint was made, UKI realised it had got something wrong - it hadn't closed the claim when it should have.

When a business makes a mistake, as UKI accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the mistake had on the consumer.

Like all motor insurance policies on the market, Mr M's insurance policy required him to report any accident to it as quickly as possible. Having been required to report the incident, UKI was then obliged to record this on the insurance database - known as the Claims and Underwriting Exchange (CUE). So, even if Mr M had known this could impact his premium at renewal, he had already notified UKI of the incident – as he was required to do. And UKI had recorded it on CUE - as it was required to do. In light of this, I can't say UKI did anything wrong in recording the incident on CUE even if this could impact the cost of motor insurance for Mr M in the future. It follows I won't be telling it to remove the incident from CUE.

That said, the incident status was incorrectly left as an open claim for longer than it should've been, and this was only changed after Mr M complained. UKI should've updated this sooner than it did, but I consider its payment of £100 to recognise the impact this had to be a fair and reasonable way to resolve this complaint.

I haven't seen any evidence Mr M paid for a policy which – incorrectly – cost more because of this mistake. If he did, as the Investigator suggested, Mr M can contact his new insurer to let it know the incident has been updated to 'notification only' on CUE and ask it to recalculate the annual premium - with the correct information - from the start of the policy. If Mr M's new insurer reasonably requires a letter from UKI, it should provide this to him. However, I think it likely an insurer would be willing to accept UKI's final response letter or this decision to confirm the claim from May 2022 should've been closed sooner than it was (by the end of August 2022) and changed to a 'notification' only record on CUE with Mr M's NCD allowed, as is now shown on CUE.

UKI corrected the 'open' status of the claim and paid Mr M £100 for the distress and inconvenience caused by the delay in doing so. I think this was a fair and reasonable way to resolve the complaint in all the circumstances and don't require UKI to do anything further.

I know Mr M will be disappointed with this outcome. But my decision ends what we – in trying to resolve his dispute with UKI – can do for him.

My final decision

My decision is I don't uphold Mr M's complaint in this matter. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 September 2023.

Rebecca Ellis
Ombudsman