

The complaint

Mr S complains that Covea Insurance plc mis-categorised his car after his claim on a motor insurance policy.

What happened

The subject matter of the claim and the complaint is a car, first registered in 2009.

In early 2022, Mr S had the car insured on a comprehensive policy with Covea. Unfortunately, the car was damaged in an accident. Mr S made a claim on the policy.

Mr S complained to Covea that it had tried to treat the policy as void. He said it had caused him consequences including loss of earnings.

Covea said the car was a total loss. In late April 2022, Covea incorrectly recorded the salvage category of the vehicle on the MIB/MIAFTR database as category "B" ("break"), rather than "N" ("non-structural").

Mr B kept the car, not knowing it was recorded as category B.

He later brought his complaint (about the attempted avoidance) to us, and we recommended that it should be upheld.

By late March 2023, Mr S had the car covered on a flexible policy with another insurer. On 29 March 2023, that insurer told Mr S it couldn't continue to provide cover after 1 April 2023, and he should contact DVLA. Mr S contacted DVLA which sent him a message advising him to keep the car off the road.

Mr S contacted Covea, which apologised for recording his car as category B and took steps to correct the records the same day.

Mr S complained to Covea that its mistake had caused him inconvenience, distress and financial loss. That included the following:

- Police had stopped him multiple times and asked about the ownership of the car.
- His breakdown insurer cancelled his cover and didn't give him a refund.
- He couldn't get insurance for the car for about 17 days after 29 March 2023.
- He couldn't use the car.
- He had to pay £540.00 to store the car off the road.
- He lost work as a driver.
- He couldn't visit family.
- He had to pay for taxis.
- Covea made his health worse.

By a final response, Covea apologised for the error and offered £50.00 compensation for the inconvenience caused.

Unhappy with that, Mr S brought his complaint to us in mid-May 2023.

Our investigator recommended that the complaint should be upheld in part. She didn't think that she could fairly say Covea was responsible for the issues Mr S faced after Covea updated the MIAFTR database on 29 March 2023.

The investigator recommended that Covea should pay Mr S, in addition to the £50.00 it offered, a further £300.00 to make a total of £350.00 compensation for the distress and inconvenience caused to him at an already difficult time.

Mr S disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- Covea made a malicious error. That should never have happened.
- From April 2022 to March 2023, he could've had life-threatening encounters (with police).
- From April 2023, the car was uninsured and liable to be seized. Recovery and storage were essential.
- The system to update MIAFTR isn't fool proof.
- DVLA took several days to update its system.
- Covea caused him financial hardship, stress, anxiety, depression, sleepless nights and a worsening of his health.
- He asks for justice.

Covea also disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- ANPR (automatic number plate recognition) cannot detect whether a vehicle has previously been written off.
- It corrected the mistake as soon as it was made aware.
- Mr S made the decision to not drive the vehicle.
- Mr S's conduct of his complaint makes it unfair for Covea to pay any more.
- It honoured the previously offered £50.00 in compensation as a gesture.

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.

The Financial Ombudsman Service is bound by the Financial Conduct Authority's dispute resolution rules.

Where we uphold a policyholder's complaint about an unfair act or omission by an insurer, we look at its impact on the policyholder. That may include financial loss. It may also include distress and inconvenience suffered by the policyholder. That may include any distress the policyholder suffered from experiencing the impact on other family members.

Mr S's case is a difficult one because of his previous complaint, and his ill-health.

I accept that Mr S had found a driving job and flexible insurance that suited him. I quite understand that he feels that Covea has deliberately messed up his life.

The investigator was rightly concerned to provide Mr S with details of organisations that (in addition to his doctor) can help him with his feelings of being overwhelmed.

I accept that Covea should never have recorded the category B on MIAFTR.

Mr S's allegation of a malicious error is a serious one that would require strong evidence. I consider that he has fallen well short of providing evidence of malice on the part of Covea or the individual who recorded the category B on its behalf.

I accept Mr S's evidence that police stopped him in the car. However, I don't think the police would've known of the category B – otherwise they would've said so. So I don't find that Covea's error caused the police to stop Mr S.

I've seen a letter from Mr S's breakdown insurer, saying that it had cancelled his cover with effect from 1 March 2023. The letter doesn't give any reason or mention the category B. And the cancellation was in early March nearly a month before Mr S found out about the category B. So I haven't seen enough evidence that the category B caused the cancellation of the breakdown cover.

Although the error was on MIAFTR for about eleven months, I don't consider that the error had any impact on Mr S until he found out about it on 29 March 2023.

I don't under-estimate that impact. Mr S was put to the trouble of contacting DVLA and Covea. The impact included Mr S being greatly troubled by thoughts (albeit incorrect in my view) that Covea had acted maliciously and might've caused problems with the police in the previous eleven months. Mr S also had concerns about insuring the car and about not being able to use it.

I consider that Mr S's health issues magnified the impact on him. So - notwithstanding Covea's view - I agree with the investigator that it's fair and reasonable to direct Covea to pay Mr S, in addition to the £50.00 it offered, a further £300.00 for distress and inconvenience.

However, Covea corrected its own records and updated MIAFTR on the same day 29 March 2023. Also, Covea provided Mr S with a screenshot showing that it had updated MIAFTR. So Mr S knew what had happened and he had evidence to show to DVLA, insurers and others to show what had happened.

Our investigator contacted MIB/MIAFTR. The administrator of the MIAFTR database told us the following:

"With regards to as to when other insurers would have been able to see the changes, because of the way the record was updated, it would mean that the other insurers would have been able to see this change straight away on MIAFTR. The record was updated by an individual user (which is immediate) rather than a batch process (which would happen overnight and therefore would take longer to appear)."

From that, I find that Covea and MIAFTR acted on 29 March 2023 to correct the category from B to N in a way that was instantly available for subscribing insurers to see on the database. I'm satisfied that those insurers included the insurer that Mr S was with.

Also, I'm satisfied that the updated information was sent to DVLA not later than the following day 30 March 2023.

As the corrected information was available to Mr S's insurer and DVLA, I don't hold Covea responsible for his insurer declining to continue cover beyond 1 April 2023 or for Mr S taking his car off the road and into storage for 17 days.

It follows that I don't hold Covea responsible for Mr S's loss of use of his car or the consequences of that including taxi costs, loss of earnings and impact on his health and family life.

Putting things right

I conclude that it is fair and reasonable to direct Covea to pay Mr S, in addition to the £50.00 it offered, a further £300.00 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 Covea Insurance plc to pay Mr S, in addition to the £50.00 it offered, a further £300.00 to make a total of £350.00 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 October 2023.

Christopher Gilbert

Ombudsman