

## The complaint

Mr F complains about how Skyfire Insurance Company Limited has recorded two motor insurance claim he made on the Claims and Underwriting Exchange database.

## What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Mr F says his car was hit from behind on 10 December 2022 but, he was too unwell to make an effective claim at the time. This claim was made, along with a second claim, after Mr F's car was hit again in January 2023.

Ultimately, Skyfire wrote Mr F's car off under the first claim. Mr F says it initially offered him £1,030 for the value of his car but he was paid £4,546 for it. He says this was still less than the market value as he thought this was around £5,000.

Mr F complained to Skyfire about the information which had been recorded with the Claims and Underwriting Exchange (CUE) database on both of the claims he'd made. It said both claims were still open at the time of the response to Mr F's complaint, on 11 May 2023, as it hadn't made a full recovery on either of them. As it didn't believe the reported information was incorrect, it didn't uphold Mr F's complaint.

Mr F wasn't happy with this, so he referred the matter to this service for an independent review. He explained the impact of Skyfire's actions on him and asked for them to be punished and made to pay him adequate compensation.

While the matter was with this service, Skyfire explained the following to the Investigator:

1. The first claim had been closed and recorded with CUE as a non-fault claim with bonus (also known as no claims discount) allowed. This is because it recovered its full outlay from the third-party insurer (TPI).
2. On the second claim, the TPI hadn't accepted liability and that claim was still open in August 2023. In reviewing matters, it realised a mistake had been made - it paid Mr F the market value of his car *twice* rather than the market value on the first claim (less salvage) and the salvage value on the second claim. As a result, the full amount paid to Mr F under his second claim couldn't be recovered from the TPI. To ensure this didn't affect Mr F, it agreed to close the second claim and record it with CUE as a non-fault claim, with bonus allowed.
3. It wouldn't look to recover the difference between what Mr F was paid on the second claim and the salvage value of his car.
4. As both claims were being closed as 'non-fault' claims, it would backdate the cancellation of M F's policy to the date his car was declared a total loss, only charging him for the time on cover before then.

The Investigator looked into matters and relayed the above to Mr F. They considered this to be a fair and reasonable resolution to the matter. And, as Mr F had benefitted by having the value of his car paid twice, they didn't ask Skyfire to pay any compensation to Mr F.

Mr F disagreed. He made several points including the following:

- The Investigator was deceived by Skyfire – Mr F hasn't been paid twice for his car as he was offered significantly below the value for it, even after he negotiated to increase the value offered by Skyfire. So, it paid him less - in total - than the car was worth. Even if it did pay twice, it's Skyfire's fault anyway.
- Skyfire has failed to correctly put his information into CUE. The impact of this is significant. He was forced to enter a contract at exorbitant prices which has put him into significant debt and impacted him physically and mentally. This will continue for the next three years.
- He wants the insurance premiums he's paid by direct debit to be returned to him.
- The claims are still open on CUE and should've been recorded as settled in February 2023. And Skyfire accepts should never have been recorded as fault claims anyway. Given this service accepts it was due to an error on Skyfire's part, he doesn't understand why this hasn't been changed.

The Investigator explained to Mr F why these points didn't change their view. As agreement couldn't be reached, the matter was passed to me for a decision.

I issued a provisional decision on 6 November 2023 and an extract of my finding is set out below.

*'Where there's a dispute about what happened, I've based my decision on what I think's more likely to have happened in light of the evidence.'*

*I recognise I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this and it reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I've given careful consideration to all of the submissions made before arriving at my decision and I'm satisfied I don't need to comment on every individual argument to be able to reach what I consider to be a fair outcome.*

*Having done so, I'm currently intending to uphold Mr F's complaint. I'll explain why.*

*I've thought about what should've reasonably and fairly happened to decide whether things have gone wrong in this case and, if so, how things should fairly be put right.*

*Mr F's first claim*

*If Mr F had contacted Skyfire straight after he'd had the first accident – as he was required to do under the terms of the policy - I think it likely Skyfire would've still written his car off and paid him the market value for it, less any deductions such as the excess. This would've settled his first claim.*

*As Skyfire's outlay was fully recovered from the first TPI, it should record this on CUE as a closed, non-fault claim with bonus allowed. But this is only once a full recovery has been made so I don't agree it should've reported the claim to CUE in this way from February 2023, as suggested.*

*Skyfire paid Mr F the market value of his car of £2,228 under his first claim which was agreed by Mr F at the time. And it confirmed to this service the claim has been recorded on CUE as closed, non-fault claim with bonus allowed. This is what I consider it should have done, so I don't intend to ask it to do anything further to put things right in relation to the first claim.*

#### *Mr F's second claim*

*Mr F's full loss from both claims was covered under the first claim. This is because Skyfire paid Mr F the full pre-accident market value for the car, which was the maximum he was entitled to under the policy, in settlement of his first claim. Therefore, under the second claim, it's my view there was no further payment which was fairly due to Mr F for his car.*

*That said, Mr F's car was involved in a further accident. So, I consider the fair and reasonable outcome on Mr F's second claim is for this to be recorded on CUE as a 'notification only' claim, which can also be closed as Mr F's loss had already been fully paid under the first claim. This may also be correctly noted on CUE as 'Close-Settled' with no costs paid out and bonus allowed.*

#### *Market Value*

*Skyfire paid Mr F the market value for his car of £2,228. It then also – mistakenly – paid Mr F a similar amount for his second claim of £2,318.*

*I appreciate Mr F says his car was worth more and so he should be entitled to compensation in addition to keeping the £2,318 paid to him in error. But I don't see things the same. Mr F had agreed the valuation on the first claim. Even so, keeping money paid to him in error isn't a fair or reasonable way to resolve any dissatisfaction he has about the valuation of his car.*

*Through this service's inquisitorial remit and taking into account Mr F's complaint points, I've thought about whether Skyfire has applied the policy terms and conditions when paying the market value of Mr F's car immediately before the first accident and if it has done so in a fair and reasonable way. Having done so, I'm currently satisfied it was. This is because I've reviewed evidence from three motor trade guides which I consider to be persuasive evidence of market value, mostly because their valuations are based on nationwide research of likely sales figures. These are for cars of the same make, model, age and mileage as Mr F's at the date of its loss. I can see from these the amount Skyfire paid Mr F for the first claim was more than all the valuations.*

*Whilst I appreciate Mr F says the car was worth more, I'm not currently persuaded this impacts the market value Skyfire is required to offer in this matter. This is because I haven't seen any evidence to suggest the valuation of £2,228 is unfair.*

*Taking everything into account, I don't currently consider Skyfire acted unfairly in reaching the market value it did for Mr F's car at the time directly before the loss on the first claim.*

*It follows the £2,318 mistakenly paid to Mr F isn't, in any part, owed to Mr F to effectively 'top up' the market value paid to him in the first claim.*

#### *impact on Mr F*

*Mr F says this situation has significantly impacted him in several different ways and continues to affect him.*

*I'm satisfied the way Skyfire handled this matter has led to an unfair outcome in how the second claim was recorded on CUE. So, I think it's right Skyfire should compensate Mr F for the impact of this. But – for the reasons set out above - I don't agree Skyfire got all the other things wrong Mr F says it has. And I also take into account some of the problems which arose did so as a result of the late notification of the first claim by Mr F. Whilst Mr F says this was due to a situation beyond his control, that doesn't mean it's something Skyfire is responsible for. I also think it's important to explain that, as a service, our awards are designed to compensate consumers, not punish organisations.*

*Skyfire has told this service it won't seek to recover the payment of £2,318 from Mr F. And, although I won't interfere with that decision, this is significantly more than I would've asked it to pay to Mr F as a fair resolution to this complaint. So, I don't consider it'd be fair or reasonable to ask Skyfire to pay further compensation to Mr F.*

*Mr F told the Investigator CUE hasn't yet been updated by Skyfire. I haven't seen any evidence of this, but it can take some time for CUE to reflect updates made so I don't find this concerning. However, to minimise the impact of any delays in CUE updating, I'm intending to require Skyfire to confirm the position to Mr F in writing. This will allow Mr F to contact his current (and any future) insurer to ask for his premium to be (re)calculated based on the updated information.*

*Finally, I note Skyfire says it will backdate the cancellation of Mr F's policy to the date his car was declared a total loss, only charging him for the time on cover before then. I consider this a fair and reasonable way to deal with his policy.*

### **Putting things right**

*I intend to require Skyfire to take the following steps to put things right in this matter:*

- 1. Record on CUE the second claim as a closed 'notification only' claim. Also referred to as 'Close-Settled' with no costs paid out with bonus allowed.*
- 2. Send a letter to Mr F to confirm how both claims have been recorded on CUE (in accordance with this decision).*

*This should be done within 28 days of Skyfire being told Mr F has accepted this decision.'*

Skyfire didn't respond to the provisional decision. Mr F responded to say he doesn't agree with the decision and isn't happy with the service he's received from this service. However, he wants to put the matter behind him so he will accept it.

### **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, and as Mr F accepted the provisional decision and Skyfire didn't respond, I see no reason to depart from it. It follows I uphold Mr F's complaint.

### **Putting things right**

Skyfire Insurance Company Limited must take the following steps to put things right in this matter:

1. Record on CUE the second claim as a closed 'notification only' claim. Also referred to as 'Close-Settled' with no costs paid out with bonus allowed.

2. Send a letter to Mr F to confirm how both claims have been recorded on CUE (in accordance with this decision).

This should be done within 28 days of Skyfire being told Mr F has accepted this decision.

### **My final decision**

For the reasons set out above and in the provisional decision, I uphold Mr F's complaint and require Skyfire Insurance Company Limited to take the steps outlined above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 3 January 2024.

Rebecca Ellis  
**Ombudsman**