

## **The complaint**

Mr B complains that U K Insurance Limited (UKI) recorded inaccurate information about him on the Consumer Underwriting Exchange (CUE) database, regarding a claim under his motor insurance policy.

## **What happened**

Mr B says he filled his car with contaminated fuel in February 2018. He contacted UKI to inform it that he held the filling station company responsible. He says no claim was made for the damage caused to his car via UKI. But the business recorded the claim on the CUE database anyway. Mr B says he would've been able to source insurance more cheaply if the incorrect entry on CUE hadn't been made.

UKI says an incident was recorded as 'information only' following the contact it received from Mr B in 2018. It says he called in December 2022 to query how the CUE information had been recorded. UKI told him this was showing as 'information only'. It says Mr B called again in January 2023 to advise the CUE record was impacting on the price of his insurance.

UKI says its agent re-opened the claim and closed it as 'non-fault'. It says this shows that the filling station company was at fault. UKI says it paid Mr B £50 to apologise that a complaint wasn't logged earlier.

Mr B wasn't satisfied with this outcome and referred his complaint to our service. Our investigator didn't uphold his complaint. She says UKI had made a mistake when recording the incident in 2018 on the database. She says it's appropriate that this information had been corrected to show as a 'non-fault' claim with £0 costs. She says it was fair that Mr B was offered compensation for the inconvenience.

Mr B didn't think this was fair and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in August 2023 explaining that I was intending to uphold Mr B's complaint. Here's what I said:

### *provisional findings*

*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 my intention is to uphold Mr B's complaint. Let me explain.*

*The CUE database exists to identify misrepresentation and to prevent fraud. Most insurers are signed up to CUE. In the event of an incident being reported the insurer will make a record that is then visible on the database, whether it leads to a claim or not.*

*In this case Mr B reported an incident in 2018 relating to contaminated fuel. He acted*

correctly in doing this as required by his policy terms and conditions. He says he didn't claim through his insurance policy for any losses. I note this isn't disputed by UKI. However, it was correct that UKI recorded the incident on the CUE database.

Mr B says he subsequently identified that the insurance quotes he received were affected by how UKI had recorded this incident on the CUE database. UKI doesn't dispute it recorded this incorrectly as an 'at-fault' claim. So, it changed this to 'non-fault' when Mr B brought this to its agent's attention in January 2023.

Mr B has since liaised with the Motor Insurers' Bureau (MIB). It's responsible for managing the CUE database. The information it provided shows a record from 2018 relating to Mr B when an incident was registered as, "Open Notification Only". It also shows a payment of £50 was made under the description, "Insured Vehicle Loss or Damage". This is different to how UKI says the incident was recorded after it made the amendment in January 2023.

I asked UKI to comment on the report provided by the MIB. It responded to say it paid Mr B £50 redress and that this will show on the CUE database. It also says:

"[the] database is a record of any claims recorded, whether they be for information only purposes or claims made, along with any payments made on those claims. We have been clear that the claim has not [sic] affected as [Mr B's] NCD in any way on CUE but [UKI] isn't responsible for how any prospective insurer interprets that data in calculating any premium they wish to charge.

We handled a CUE amendment request on this file in March and the only error found was that the claim was still open at the time, which was corrected.

...although [Mr B] feels that the claim should show a £0 spend, that is not the case, as we do need to record any payments made on that claim, and we've been very clear that this £50 was for redress in handling [Mr B's] complaint."

I've thought about UKI's reasoning for including £50 on the CUE entry in question. I think it was wrong to do this. Any costs that showing on the database should relate directly to a claim. There was no cost incurred by UKI in relation to this claim. Yes, it paid Mr B £50. But this was because of its poor service. This is an entirely separate matter, regarding a complaint, that was unrelated to the cost of the claim. When other insurers view this entry they will see a cost associated with this claim. This gives a false impression of the notification Mr B called to report in 2018. Although £50 is a relatively small amount, it may impact on an insurer's risk assessment and the level at which it sets its premium.

To put this right UKI should amend the CUE record to show a £0 spend relating to this claim. It should also provide a letter to Mr B that he can show to his current insurers, that confirms the entry for £50 was made in error. Mr B can then discuss any premium refund that may be due with his insurer(s) using this information.

I've thought about the impact this has had on Mr B. UKI's mistake has meant he's had to spend time, and make a considerable effort, to show it recorded incorrect information on the CUE database. He shouldn't have had to do this. This must've been frustrating and has caused him inconvenience. In summary I don't think UKI treated Mr B fairly and in these circumstances, to acknowledge the impact this had, I think it should pay him £150 compensation.

I said I was intending to uphold Mr B's complaint and UKI should:

- pay Mr B £150 compensation for the inconvenience it caused him; and

- correct the CUE entry to show £0 spend relating to the claim; and
- provide a letter to Mr B that confirms the CUE entry showing a claim spend for £50 was a mistake.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

UKI says its understanding is that compensation, unless excessive, could be added to the claim. It says the CUE record shows the claim status as 'Notify' and that Mr B's NCD was allowed. It thinks it'll be clear to another insurer that it didn't proceed with the claim.

Mr B responded to say he agreed with my provisional decision. He says he remained with UKI for his motor insurance, so the letter I mentioned won't be of use. He also comments on the cheaper insurance he couldn't benefit from due to the incorrect CUE entry.

Mr B says the £150 compensation I set out in my provisional decision fairly compensates him for the difference in cost between UKI's premium and the cheaper insurance he was quoted. Mr B's final point is that the industry databases can be manipulated by insurers to 'tie' low risk customers to their policies.

### **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've thought carefully about UKI's comments that CUE records can include compensation paid in relation to a claim.

I've reviewed the updated best practice guide from CUE when considering this point. But I think what I said in my provisional decision is fair. This is supported by the guidance. Compensation payments, such as that paid to Mr B, aren't expected to be recorded on CUE as they aren't considered a claim cost.

Regardless of the notify status, and the allowed NCB, I remain of the view that the compensation payment shouldn't be recorded against the claim.

I note Mr B's reference to the letter I said UKI should write, won't be of use to him. I'll remove this from my final decision.

Mr B's remaining comments don't warrant a change to my provisional decision. As he's said in his email, my role here is to consider his complaint. We don't have the powers to tell the industry how its businesses should operate. This is the role of the industry regulator. We do share the insights obtained through our work, with the Financial Conduct Authority (FCA). But as Mr B alludes to in his email, I can't comment further on the wider issues he has mentioned.

### **My final decision**

For the reasons I've explained above, and in my provisional decision, I uphold Mr B's complaint. U K Insurance Limited should:

- pay Mr B £150 compensation for the inconvenience it caused him; and
- correct the CUE entry to show £0 spend relating to the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 3 November 2023.

Mike Waldron  
**Ombudsman**