

## The complaint

Mr B has complained about the way Covea Insurance plc has dealt with an alleged claim against his motor policy as this has increased his premium substantially.

## What happened

Mr B was offered a three-year fixed motor premium by a well-known insurance intermediary. This presumably meant providing he had no claims amongst other things, his premium would be the same price for those three years. Mr B bought this policy which was at that time underwritten by Covea.

On 4 January 2023, Covea received a notification that Mr B's car had been involved in an accident. Mr B categorically denied this, so Covea sent out an engineer to look at Mr B's car which Mr B said showed some minor pre-incident damage but not any damage arising out of this alleged accident.

Therefore, the fact a claim was made on Mr B's policy then had to be recorded on the Claims and Underwriting Exchange (CUE). This meant that Mr B's fixed premium was consequently increased.

Mr B is adamant he wasn't involved in any accident. However, Covea said it couldn't remove this claim from CUE.

So, Mr B brought his complaint to us. The investigator thought it shouldn't be upheld. Mr B didn't agree so his complaint was passed to me to decide.

I issued a provisional decision on 16 February, and I said the following:

*'Having done so I'm considering upholding this complaint for compensation. I'll now explain why.*

*From Covea's file it appears a passer-by told the other driver that Mr B's car had crashed into this other driver's car whilst parked. Obviously giving the registration number of Mr B's car. It's clear from the engineer that Covea sent out to examine Mr B's car there was no accident-related damage on Mr B's car. More significantly that engineer confirmed the pre-accident damage seen on Mr B's car was dated damage, so therefore irrelevant for this alleged claim against Mr B's policy. This was all clarified as early as March 2023.*

*I consider this to be substantial evidence for Covea to refute Mr B's involvement and further work hard to ensure he wasn't disadvantaged to the extent he has been. Solely because the details of the claim against him haven't been substantiated. It's of course foreseeable that the passer-by took note of the registration number of the car who had crashed into this parked car, incorrectly.*

*Covea had by then requested information from the other driver's insurers about the damage to the other driver's car. But nothing was received. Or at least if it has been received Covea has failed to share this with either Mr B or indeed us.*

*Mr B has told us that his premium has now risen from the fixed premium deal he was under of £873.23 per year to £1,970.99 for the policy year starting on 22 March 2023. Following Mr B's complaint being passed to me to consider and decide, I asked Covea to update me on the state of this claim against Mr B's policy. Sadly, Covea initially responded saying the person dealing with it had left the company and then simply failed to deal with any further chasing requests. It appears from Mr B's recent contact with us, he has also failed to get anywhere with Covea subsequent to the investigator's view, as to any update also.*

*So, I apologise to Mr B for the yet further delay in dealing with his complaint. I was hoping Covea would have had some resolution of this alleged claim against his policy by now, since the alleged claim was made over 12 months ago. It also must be noted Mr B is due to renew his policy in March 2024 so about to suffer yet more disadvantage by this claim not being appropriately investigated by Covea.*

*On the facts that we know, given the other driver's car was parked, it would have only been a claim for car damage, as there could be no complicating issues of any personal injury either since the evidence appears to show the other driver wasn't in his car at the time. So, I would have thought it would have been a simple enough matter to get some clarity on whether this other driver was indeed pursuing any claim for the damage to his car. To include also identifying what actual damage was on the car too, as clearly Mr B's car isn't showing any damage of colliding with any car at this time.*

*Whilst the law states that a person in this other driver's position has three years to make any claim or rather and more importantly bring any court proceedings against Mr B, I would have expected Covea to do significantly more to protect Mr B's interests as its policyholder than it's done. More so given Covea's own engineer confirms that Mr B's car was completely unlikely to have been involved in this accident as it's been alleged this far.*

*I consider it to be grossly unreasonable that from what we know Covea has merely recorded the possibility of this claim on CUE so against Mr B's policy and then apparently sat back just waiting for any substance to this claim against Mr B to materialise. Meanwhile ostensibly ensuring it charged Mr B a higher premium in the event it was still the insurer on record for the premium deal Mr B accepted from the insurance intermediary. I don't consider that is appropriate service from an insurer to its policyholder at all. Insurers have a duty to deal with claims promptly and that includes claims against their policyholder too, more so in a situation like this where the evidence presently against Mr B is flimsy in the extreme.*

*Therefore, I consider Covea should now seek to establish the situation from this other driver and his insurers and seek to conclude it before Mr B has to renew his policy on 22 March 2024. If there remains no reply, then it should amend the notification on CUE to allow his No Claims Discount (NCD) and to ensure the claim notification is marked as non-fault. Sadly, for Mr B given the claim was made against his policy, the notification has to remain on CUE.*

*If the other driver's insurer confirms no claim is being pursued or it simply doesn't reply, given the consequent change on the CUE details as I detailed above, Covea can then recalculate the premium appropriately in accordance with the rules of the*

*fixed premium deal and refund Mr C with interest any extra premium it charged him, assuming it remained the insurer of this deal.*

*In the unlikely event it is no longer the insurer of this premium deal, then the subsequent insurers can reimburse Mr B on the same sort of recalculation once the claim is amended on CUE. But I consider Covea should nonetheless pay the interest on the extent of the premium refund regardless, once Mr B has told it the amount of refund he receives.*

*This matter has clearly exasperated Mr B and clearly caused him significant trouble and upset over an extended period of time, more so since Covea simply failed to engage with him in any meaningful manner. Therefore, I consider Covea should pay him £700 compensation.'*

Covea finally updated us with what has been going on with this case. It noted that the other driver had been put into presumably 'credit hire' and Covea was notified of this on 2 March 2023. It said following receipt of the other driver's claim against Mr B it told the other driver's insurers in April 2023 that liability was denied. It said it received a court summons from the other driver's insurers on 8 September 2023 and instructed its own solicitors to defend the claim on 19 September 2023. Therefore, the claim against Mr B remains open. It said it wrote to Mr B on 1 February 2024 advising him of the current position.

Mr B thanked me for my provisional decision and most importantly didn't say he had received any of this notification correspondence from Covea over what was happening with the claim against his policy.

Following the responses to this provisional decision a further provisional decision was issued on 28 February and I said the following:

*'I'm afraid I now have to issue a second provisional decision given this extremely late update on the situation from Covea, despite this service asking repeatedly over the past few months.*

*Court proceedings are now in being over this matter so I cannot adjudicate on any intended outcome of those court proceedings as that is solely a matter for the court. So, I have no ability to require Covea to do anything with Mr B's premium, as that remains for the court to do.*

*However, court proceedings are taken in the name of the other driver and are against Mr B in his name although Covea are indemnifying him. Therefore, there is a duty on Covea, as Mr B's insurers, to communicate and update him as to what was going on. More so when court proceedings are initiated. It appears that since the other driver could never be found liable for the damage to his car in this car park since his car was unattended his insurers passed him to a claims company who provided him with a hire car whilst the damage to his own car was being repaired. Therefore, the claim against Mr B's policy includes both the hire cost and repairs costs for which claims company is now presumably pursuing Covea but against Mr B's policy.*

*It's not apparent from Covea's communications with us or indeed with Mr B that Covea ensured Mr B was kept fully up to speed with the matter. Mr B has shared his distaste of computers with us so although it might be that some communications were sent by email to Mr B, I'm not sure Mr B received all of them.*

*I don't consider given this situation that Covea has provided an adequate customer service to Mr B at all. I am glad to note it has instructed solicitors, but it should have*

*informed Mr B of the court proceedings and that it was instructing solicitors too and ensured Mr B knew he must now deal with the solicitors to keep abreast of the matter.*

*This matter remains to have caused Mr B significant distress and inconvenience over the past year more so given the lack of communication. Therefore, I remain of the view that it's reasonable for Covea to pay compensation to Mr B and I remain of the view that £700 remains commensurate in these circumstances. This is because of the excessive lack of communication with Mr B, and the consequent distress and upset it caused.'*

Mr B responded saying that he has now received a renewal quote from the relevant intermediary of £4,674.69 for the final renewal of the three-year initial fixed price premium deal of £873.23 and his policy year ends on 22 March. Mr B says he cannot afford this and will not pay it. Mr B also said that he did receive notification that solicitors had been involved but that he asked for clarification on some issues and then received no response.

Covea denies it didn't keep Mr B informed. And that it can't remove or change anything on CUE until the legal proceedings are concluded. It forwarded some communications it had with Mr B also.

### **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 again, my thoughts remains that the correct outcome here is to pay Mr B compensation. As Covea will note, I did not say in the second provisional decision that any changes to CUE ought to be made, given legal proceedings are in being. Had Covea answered our correspondence before the first provisional decision was issued, things would have been a lot clearer from the start. But it remains the situation as legal proceedings are now in being I cannot adjudicate on the outcome of whether the other driver has a valid claim against Mr B's policy.

For Mr B, this decision is now merely dealing with the lack of coherent information given to him and the state of play with the other driver's claim. It now transpires Mr B was in receipt of some limited information, but he said his further queries remain unanswered. As the matter is now in the hands of solicitors, Covea's correspondence does ask that he liaises with those solicitors, which I consider Mr B should now do.

What this decision doesn't deal with is the terms and conditions of Mr B's fixed three-year deal with the intermediary and therefore its renewal quote of £4,674.69 for this next policy year starting on 22 March 2022. Given Mr B's complaint was concerned with the fact he was never involved in this accident, this decision is only against Covea being the underwriter and the entity dealing with the claim against Mr B's policy. I have no information about the terms and conditions Mr B agreed with the intermediary or indeed whether Covea remains the underwriter for this next policy year. Mr B will need to discuss his concerns about that with the investigator separately as those issues don't form part of this decision.

However, it remains there was a substantial delay in communications with Mr B from Covea which Mr B complained about and brought to this service. And when we investigated the matter, no clarity was forthcoming until I issued my first provisional decision. I remain of the view that this lack of clarity caused Mr B some considerable trouble and upset and I remain

of the view that Covea should pay him compensation of £700 for the reasons I've outlined above.

### **My final decision**

So, for these reasons it's my final decision that I now uphold this complaint.

I now require Covea Insurance plc to pay Mr B £700 compensation for the excessive distress and inconvenience its lack of service caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 April 2024.

Rona Doyle  
**Ombudsman**