

The complaint

Mrs T and Mr T complain about the price charged by Highway Insurance Company Limited (“HICL”) for their home insurance policy. They also complain that a claim was incorrectly recorded against the policy.

Mr T has acted as the main representative during the complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mrs T or Mr T as “Mr T” throughout the decision, save for when matters relate specifically to Mrs T.

What happened

Mr T received a renewal invite which he says was significantly higher than what he’d paid the previous year. Mr T says one of the factors which contributed to this was a claim recorded on his policy. Mr T complained and said the claim recorded on his policy related to a phone call Mrs T made to HICL to query whether potential damage to a stone garden wall would be covered under the policy. Mr T says HICL confirmed it wouldn’t be covered so no claim was made.

HICL responded and explained, for them to assess whether a claim is covered, they’ll register the details on their system as an incident. They said, there are many reasons they do this, such as fraud prevention, audit trail and validation of the policy cover. They said, at the end of the call it was clear there was no claim to be made so they closed it as an incident only, and not as a claim. HICL said they’re required to capture details of these enquiries, so they’re satisfied they’d followed the correct process. They said the pricing criteria is the responsibility of the broker, so they aren’t responsible for how the broker decides to price the policy and Mr T would need to discuss this directly with them.

Our investigator looked into things for Mrs T and Mr T. He thought HICL had made an error and recommended they pay Mrs T and Mr T compensation of £250. Mrs T and Mr T agreed but HICL disagreed so the matter has come 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’ve decided to uphold the complaint. And, I think the investigator’s recommendation is a fair way to resolve matters.

The role of this service when looking at complaints about insurance pricing isn’t to tell a business what they should charge or to determine a price for the insurance they offer. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they’ve been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

I can see Mr T paid £789.11 for his policy in 2022. He was then quoted £3,362.12 for his renewal in 2023 – followed by a revised renewal for £1,612.09. There has been a significant increase here, so I understand why Mr T is concerned. HICL have provided me with confidential business sensitive information to explain how Mr T's renewal price was calculated. I'm afraid I can't share this with him because it's commercially sensitive, but I've checked it carefully. And I'm satisfied the price he was charged has been calculated correctly and fairly and I've seen no evidence that other HICL customers in Mr T's position will have been charged a lower premium.

The information shows the first renewal quote took into account an open claim which followed a call made by Mrs T to HICL. Mr T then contacted the broker and explained no claim had been made and the broker then agreed to get an update from HICL. HICL then confirmed the claim had been settled as notification only and a revised renewal was sent to Mr T, two days after the original quote, showing no claim had been disclosed. At this point, a notification only incident had been added to the policy. So, the price of £1,612.09 was based on a notification only incident. And, given that Mrs T had reported an incident, I can't say HICL made an error in recording the incident in this way.

I've also seen that Mr T did originally renew the policy, but later cancelled this. A premium refund was then made to Mr T in line with the policy terms and conditions – and this was based on the correct renewal price of £1,612.09. So, I can't say there has been any error here in the premium refund.

That said, I think HICL have made an error following Mrs T's call. The information shows the original quote was based on an open claim showing on Mr T's policy. I've listened to the call Mrs T had with HICL, and from which the open claim was then recorded. Mrs T explained her neighbour was carrying out building works, and it looked like the boundary wall had become destabilised. Mrs T said, while the walls are old, she'd inspected them before the work started and they were ok at the time, but now they'd become destabilised. Mrs T explained her neighbour's builder had dug a trench close to the wall, so she was concerned about this destabilising the wall and also felt vibrations from building works might've affected the wall. Mrs T asked if HICL were able to send a surveyor to inspect the wall as she felt, if there was damage, then the neighbour should contribute towards this. The call handler explained the policy covered one-off events, so it was unlikely they would provide cover for this as the damage appeared to have occurred over time.

I can see HICL say they were notified of a claim and, from the start, this had to be recorded as fault pending investigations. They also discuss the claim journey and explain that the claim had to go through normal claims processes to establish what the outcome of the claim was going to be. But this contradicts what HICL have said in the complaint response. This says, "*At the end of the call it was clear that there was no claim to be made so we closed it as an incident only, not as a claim.*" In addition to this, I haven't seen what, if any, additional factors HICL took into account beyond the call details with Mrs T to then arrive at a decision to treat the incident as notification only. Taking into account what HICL have said in the complaint response, they appear to accept a claim wasn't made. But the information shows they recorded the incident as an 'open fault claim pending investigations'.

Having listened to the call, I'm not persuaded it was reasonable for HICL to record this as an open fault claim. It's clear Mrs T first called to enquire about making a claim, but I think it was clear by the end of the call that Mrs T wasn't asking HICL to consider a claim. Mrs T made no suggestion that she still wanted to pursue a claim, or that she and Mr T would think about the options available to them and get back to HICL with their decision. It's clear Mrs T decided against making a claim and even asked the call handler if they could offer any advice. The call handler then explained, if there was damage, then this would appear to be a legal issue and for Mrs T to take legal advice. The call ended with Mrs T saying, "*Right, ok,*

alright...don't worry." So, I think HICL have made an error here in initially recording the incident as an open fault claim pending investigations.

When it came to calculating a renewal price, an open claim was showing on Mr T's policy. While the position was corrected two days later, I think there has been an impact on Mrs T and Mr T. It's clear Mrs T was shocked and very upset on receiving the original quote as she assumed she'd made an error during the call. This also led to Mr T being inconvenienced by having to contact the broker to correct this. I accept there was no financial loss to Mr T or that he was required to pay the higher price for his policy. As I've mentioned above, the position was corrected and Mr T paid the revised price which took into account the incident as being notification only. But it's clear there was significant upset caused to Mrs T as a result of HICL incorrectly recording the incident as an open fault claim which led to Mrs T assuming she'd made an error during the call. I accept the duration of the impact was limited to two days, but I think it's fair to say the shock and upset at receiving the original quote showing an open claim, was significant. So, taking this into account, as well as the inconvenience to Mr T in having to contact the broker to find out why a claim was showing, I think HICL should pay compensation of £250.

Putting things right

I've taken the view that HICL have made an error in originally recording an open fault claim against Mr T's policy. So, HICL should pay Mrs T and Mr T £250 compensation for the shock, upset and inconvenience caused.

My final decision

My final decision is that I uphold the complaint. Highway Insurance Company Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 15 June 2024.

Paviter Dhaddy
Ombudsman