

The complaint

Mr J complains that Lloyds Bank General Insurance Limited (LBG) applied a claim cost on his policy renewal despite not progressing with his claim.

What happened

The background to this complaint is well-known to both parties. So I've set out a summary of what I think are the key events.

Mr J contacted LBG about a claim under his contents insurance policy for accidental damage to his laptop. He provided photos of the damage, but he didn't provide LBG with the cause of damage report it asked for. When Mr J asked LBG for an update on his claim, it asked again for the report. And in response to his question about whether the report cost would be covered under the policy, LBG told Mr J that any charge would not be covered.

LBG chased up the cause of damage report with Mr J. Because it didn't receive a response from him, it closed the claim.

Around six months later, Mr J contacted LBG about his claim and renewal documents. He said there was a claim amount of £73 recorded in the claims section of his policy documents. Mr J said he hadn't made a claim and asked LBG to remove the record. LBG told Mr J that it had listened to his notification call and confirmed he had made a claim. LBG said the claim amount shown on the renewal was the claim set-up/handling fee.

Mr J complained to LBG. He said it hadn't told him there'd be a set-up fee, and he wanted the record of a claim amount removed or changing to a notification only record. LBG responded to say that the claim cost was incurred regardless of whether Mr J continued with his claim, and it couldn't remove the record.

Mr J remained unhappy, so he brought his complaint to us.

One of our investigators looked into the complaint, but she didn't think it was one we could reasonably uphold. She said the evidence showed that Mr J had made a claim and, therefore, LBG was obliged to record the details. Our investigator didn't think there was anything that LBG needed to put right.

Mr J didn't agree. He said the claim amount would affect his premium and he remained of the view that LBG should remove any record of it. The complaint was passed to me to decide.

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 not to uphold Mr J's complaint. I'll explain why.

The relevant regulator's rules say that insurers must handle claims promptly and treat

customers fairly. My role is to look at Mr J's complaint in light of those rules and the evidence - amongst other things - and decide whether LBG treated him fairly.

There's no dispute about the laptop damage. And it's evident that Mr J made a claim because he sent claim update requests by email to LBG. Although he said he didn't make a claim, I think it's likely Mr J is referring to the fact that he withdrew from the process and didn't progress his claim to settlement.

So, the complaint I've considered here is whether LBG fairly recorded a claim amount.

Mr J didn't progress his claim so he said there shouldn't be a claim amount on his policy or the insurance database. LBG said it isn't a claim settlement cost, rather it's the handling fee. While Mr J may not have continued with his claim, LBG set one up based on his notification of accidental damage. It also progressed the claim to some degree because it asked for evidence of the damage. Looking at the renewal documents, I see that the claim amount is recorded under the section for any incidents or losses. The insurance database holds records of all reported incidents, regardless of whether a claim is made or settled. So I don't find that LBG did anything wrong by recording the claim information.

Mr J wants the record removed, or changed to one which is a notification of damage, because otherwise his premium would be affected in the future. LBG said it would be unlikely to affect his premium any more than a notification. I haven't seen any evidence to indicate that Mr J's premium has increased, or any evidence from him to show that he suffered any financial detriment because of the recorded claim amount. So, I see no reason to doubt what LBG said. Even so, as LBG reasonably recorded the cost it incurred to handle the claim, even without progressing to settlement, I can't say that it needs to put anything right.

Mr J said LBG didn't inform him there'd be a charge for setting up the claim and the record suggests he made a claim which was settled at £73. To be clear, the claim amount is not something that LBG applied to Mr J's premium. It's a record of its own cost. LBG explained that the information it shares with the broker is a claim total, regardless of whether it is settled. The renewal documents don't show separate fees from any actual claim settlement, and LBG said that's a matter for the insurance broker. In the absence of evidence to the contrary, I have no reason to doubt LBG's explanation.

Overall, the evidence shows that Mr J made a claim, albeit one which he didn't progress, and LBG recorded the claim amount. I haven't seen any evidence to persuade me that LBG recorded inaccurate information about Mr J's claim on his renewal documents or the insurance database, therefore, I don't find that there's anything here for LBG to put right.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 26 July 2024.

Debra Vaughan
Ombudsman