

The complaint

Mr M complains about Highway Insurance Company Limited (“Highway”)’s handling of his motor insurance claim.

All references to Highway Insurance Company Limited also include its appointed agents.

What happened

In January 2024, Mr M called Highway to report he’d lost the key to his vehicle. He still had the spare.

Highway said he could make a claim for this on his policy without paying an excess and it wouldn’t have any impact on his No Claims Discount (“NCD”).

In February 2024, Mr M received his policy renewal invite from Highway. He said the premium had significantly increased – and when he enquired about this with Highway, he was told it was due to the claim.

Highway accepted it had given incorrect information regarding the no claims discount to Mr M during the initial claims call. It said it would update the claims underwriting exchange (CUE) to show the claim as ‘notification only’, if Mr M pays the costs of the claim. It also offered Mr M £100 compensation for the distress and inconvenience its actions have caused.

Our investigator’s view

Our investigator initially said Highway’s offer was fair. Mr M disagreed with our investigator.

He said he didn’t think it was fair he had to pay for the cost of the key

He said Highway should either pay for the claim and amend the claim records to notification only or he could return the key, in which Highway could pursue a refund for it, and the claim should be removed from his records.

Our investigator reconsidered matters and recommended the claim be upheld.

She thought if Mr M had been given correct information, it was more likely than not he wouldn’t have proceeded with the claim.

She didn’t think it was fair for Highway to pay for the claim and update the records to notification only as this would put Mr M in a position where he had benefitted from Highway’s mistake. She recommended Mr M be able to return the key and on receipt, Highway amend records to show a notification only – as a potential claim had existed.

She also said she felt £100 compensation fairly reflected the distress and inconvenience caused. Highway didn’t respond to our investigator’s view.

My provisional decision

I issued a provisional decision on 15 August 2024. In my provisional findings, I said:

“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 do not intend to uphold the complaint for these reasons:

- *Highway accept the information it gave to Mr M when he called to make the claim was incorrect. Mr M proceeded on the understanding his NCD wouldn’t be affected. Which later transpired to not be the case – resulting in Mr M’s premiums increasing.*
- *However, I’ve not seen any evidence that persuades me on balance that Mr M wouldn’t have proceeded with the claim in any event. I can see from a call note in February 2024 Highway provided Mr M with the option to pay the cost of the claim (around £493). This included deactivating the old key and replacing it with a new one. But I can see Mr M indicated he wasn’t able to pay this amount.*
- *Mr M had lost the key, and even if he was in possession of a spare, he would have needed to arrange for the old key to be deactivated in order to secure the vehicle. It’s likely a new key would need to be issued. So Mr M would’ve still incurred these costs – which wouldn’t have incurred an excess under a claim on the policy.*
- *After being told his NCD wouldn’t be affected, to discover his premium had significantly increased would’ve no doubt have been a shock to Mr M and I can understand his frustration here. However, Mr M has benefitted from a claim under the policy and this can impact any premium. Highway have offered Mr M £100 compensation, of which I can see it has issued a cheque to Mr M. I think this fairly reflects the distress and inconvenience its actions have caused in the circumstances.*
- *Having considered everything available to me, I think Highway’s proposed action of amending the claim and recording it as notification only upon repayment of the claim costs, is fair in the circumstances. Once this has happened, Mr M may consider asking Highway to recalculate his premiums. Alternatively, if Mr M doesn’t wish to pay the costs, a claim will remain on the system.”*

Responses to my provisional decision

Highway didn’t respond to my provisional decision.

In response to my provisional decision, Mr M has informed our service that he has made arrangements with Highway to pay for the key in instalments so it can adjust the claim to notification only.

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 reconsidered all the available information along with Mr M’s additional comments. Having done so I see no reason to depart from provisional findings. So, my decision and reasoning remained unchanged.

My final decision

My final decision is that I do not uphold Mr M’s complaint.

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

Michael Baronti
Ombudsman