

The complaint

Mrs G complains about how Saga Services Limited (Saga) dealt with liability for a historical claim she made under her motor insurance policy with a previous insurer, leading to an increase in her premium.

References to Saga in this decision include their agents.

This decision covers Mrs G's complaint to this Service about Saga, as the insurance intermediary for her policy. It doesn't cover the underwriter of Mrs G's policy, a separate business to Saga.

What happened

Mrs G took out a motor insurance policy with Saga in November 2019, which renewed in November 2023 for a further year, at an annual premium of £465.44.

Shortly afterwards, Saga wrote to Mrs G to say that since the renewal, it had come to their attention from the Claims and Underwriting Exchange (CUE) database that a historical claim was recorded against Mrs G in August 2019, as a fault claim. At the time Mrs G had a policy with a different insurer. However, the details held by Saga indicated the claim was non-fault.

Mrs G contacted Saga and was told that as a result of the change from non-fault to fault, she would have to pay an additional premium of £178.06 (making a revised premium £643.50). Mrs G paid the additional premium and Saga issued revised policy documents.

Mrs G was unhappy at the additional premium, so she wrote to Saga in December 2023 to complain. She said she'd acted honestly and in good faith when she took out her policy, disclosing the 2019 accident, believing it wasn't her fault. She clarified her previous insurer had subsequently settled the claim on the basis of a 50:50 split of liability. She didn't think the insurer's decision was proof the accident was her fault, nor what she'd said when taking out her policy with Saga was untrue. She wanted Saga to refund the additional £178.06.

In their final response Saga didn't uphold the complaint. They said a claim settled on a 50/50 split of liability would be classified as a fault claim as the full costs of the claim hadn't been recovered (by the previous insurer). The change in status of the claim from non-fault to fault resulted in the policy underwriter calculating the additional premium of £178.06.

Mrs G then complained to this Service. She was unhappy at Saga charging an additional premium and their classifying the historical claim as a fault claim. She maintained she wasn't at fault for the accident and acted honestly in stating the claim was non-fault when she took out her policy. She wanted Saga to refund the additional premium of £178.06.

Our investigator didn't uphold the complaint, concluding Saga didn't need to take any action. They'd recorded the claim as a fault claim, which was common practice where an insurer hadn't been able to recover the full costs of a claim. The claim was recorded on the CUE database as settled on a 50/50 split of liability. Once recorded as a fault claim, this was considered by the underwriter who calculated a revised premium for the policy. Saga had

only recorded the information provided by Mrs G and hadn't changed the information recorded on the CUE database. So, Saga hadn't acted unfairly in respect of how they'd recorded the claim on their systems.

Mrs G disagreed with the investigator's view and asked that an ombudsman consider the complaint. She maintained her view that she wasn't to blame for the accident that led to a claim with her previous insurer. She said Saga had unilaterally breached the contract of insurance by demanding a higher premium.

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.

My role here is to decide whether Saga have acted fairly towards Mrs G. It's important to note Saga were the insurance intermediary responsible for arranging and administering Mrs G's policy. They weren't – and aren't – the underwriter (the insurer) of the policy, a separate business. It was the underwriter who calculated the revised premium following Saga's change of the claim from non-fault to fault. Mrs G says she wishes to extend her complaint to include the underwriter of the policy, which would be a separate complaint as the underwriter is a separate business to Saga. That would be a separate complaint to the one covered by this decision.

The key issue in Mrs G's complaint is Saga deeming the historical claim to be a fault claim rather than a non-fault claim. Mrs G says she wasn't at fault for the accident that led to the historical claim and acted honestly in saying the claim wasn't her fault when she took out her policy with Saga. Saga say they acted fairly in changing the designation of the claim as a fault claim, because the previous insurer settled the claim on a 50/50 split of liability.

On the historical claim, Mrs G has provided a copy of a letter from her previous insurer, dated November 2020, in which they confirm the claim was settled on a 50/50 split, meaning they recovered 50% of their outlays on the claim.

Mrs G strongly believes she wasn't at fault for the accident that led to the historical claim. I don't doubt the strength of her feeling and that she believed she acted honestly in stating the claim was non-fault when she took out the policy with Saga. And I've noted the letter from her previous insurer is dated November 2020, after she took out the policy with Saga. So, at the time she took out the policy, liability for the claim hadn't been determined. So, I can understand why Mrs G thought she wasn't at fault and declared the claim as non-fault when taking out the policy. But the key in this case is whether Saga acted fairly in changing the recording of the claim from non-fault to fault.

In considering this issue, it's important to note it's standard practice within the insurance industry that where a claim is made, insurers will record a claim as a fault claim if they aren't able to recover all of their outlays (the costs they incur) when settling a claim. If they recover all their outlays, they will record a claim as non-fault. This is not the same thing as whose 'fault' an accident was, in this case Mrs G believing she wasn't at fault for the accident. Given the previous insurer settled the claim on a 50/50 split of liability, it follows they weren't able to recover all of their outlay on the claim. In turn, under the standard insurance industry practice, the claim would properly be recorded as a fault claim. As this is what Saga did in this case, then I can't conclude they've acted unfairly or unreasonably in changing the designation of the claim from non-fault to fault.

On Mrs G's point about Saga unilaterally breaching the contract of insurance by demanding a higher premium, I don't agree. Saga were acting as an intermediary is asking Mrs G for the

additional premium that had been calculated by the underwriter. Which is what I'd expect an insurance intermediary to do in those circumstances.

Taking all these points into account, I think Saga have acted fairly and reasonably, so I won't be asking them to do anything further.

My final decision

For the reasons set out above, it's my final decision not to uphold Mrs G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 18 December 2024.

Paul King
Ombudsman