

complaint

Mr R has complained that MCE Insurance Company Limited failed to properly deal with a claim made under his motorcycle insurance policy which led to him receiving a County Court Judgment (CCJ) against him.

background

Mr R bought a motorcycle insurance policy with the insurer, MCE. In June 2018 he reported an incident he was involved in to MCE. Mr R was held at fault for the incident.

MCE received a claim for repairs and credit hire costs from the other driver's representative. It settled only the repair costs. The other driver's representative made a claim against Mr R, but addressed it to MCE.

In January 2019 a CCJ was recorded against Mr R in default. Mr R only found out about the CCJ as he happened to apply for a re-mortgage in January 2019. Mr R's bank told him the application had been declined because of the CCJ.

Mr R contacted MCE in January 2019 but it didn't reply. So in February 2019 he decided to settle the CCJ himself within 30 days to prevent any long term impact on his credit rating. He complained to MCE.

Mr R didn't hear from MCE so after eight weeks he asked us look at his complaint. He told us that the impact of the re-mortgage being unsuccessful meant he and his partner had to live together for longer after they'd separated. He said his credit card limit was reduced in February 2019 because of the CCJ.

MCE told us it intended to negotiate the credit hire costs with the third party, but accepts it should have done this sooner. And it said it didn't reply to Mr R's complaint in time because it was still investigating it. MCE reimbursed Mr R for the costs he paid to settle the CCJ in May 2019.

MCE said if it had replied to Mr R's complaint, it would have paid him £350 compensation for the distress and inconvenience it caused.

Our investigator thought MCE hadn't acted reasonably. She found that the CCJ had been removed – and Mr R had successfully applied for a re-mortgage again a couple of months later. She didn't think there was enough evidence to show that Mr R's credit card limit had been reduced because of the CCJ due to the timing and the reasons given by the card supplier. She thought MCE should pay Mr R £350 compensation – but also pay interest on the amount Mr R had paid to settle the CCJ from the date he paid it to the date MCE reimbursed him.

MCE accepted the investigator's view.

Mr R didn't agree. He feels we haven't been impartial and have focused on him in our investigation rather than the actions of MCE. Mr R said it's clear that the credit card supplier reduced his credit card limit because of the CCJ. He said he's not asking this service to award a monetary amount. He wants a report which points out where MCE has failed, which laws it broke and the regulations it breached.

So the case has been passed to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm sorry to read that Mr R believes we have focused on him more than MCE. We take an even handed approach when looking at the information provided by both parties. We are here to resolve complaints informally but we keep in mind the relevant laws and industry best practice. We rely on the evidence provided by both parties.

MCE said it intended to negotiate some of the claim costs with the other driver's representative. But as an insurer, MCE deals with claims all the time and was aware of the potential consequences of not meeting the claim costs in time to prevent a CCJ against Mr R. As Mr R said, it was too little too late. MCE accepts that it should have done more sooner. It didn't keep Mr R updated. And I agree with him that – had he not settled the CCJ within 30 days - his credit rating would have been negatively affected for much longer.

I've no doubt that it was upsetting to find out that Mr R had a CCJ recorded against him, and to also have his mortgage application declined at what was a difficult time for him personally.

Mr R provided a copy of a letter from his credit card supplier in February 2019. It said that it had reviewed the way Mr R used his credit card – and that it had asked for some information from a credit reference agency. It decided to reduce Mr R's limit to just above the balance he currently owed.

Our investigator explained that it isn't for us to determine how Mr R's card supplier assessed his credit limit. But we asked Mr R if he could provide further evidence to show that it was the CCJ that led to the supplier's decision. Mr R explained that he decided to cancel his card because the supplier didn't adjust the limit after the CCJ was removed. From the monthly credit score reports Mr R provided, it appears that his credit rating reduced in the month the CCJ was recorded – the impact of that is evident. But in the month before, Mr R's credit score also reduced. Mr R feels we've suggested he had financial problems which he didn't. And he said there's a delay in the information feeding through to the credit score reports he provided. But based on the evidence available, there isn't enough for me to safely conclude that Mr R's credit card supplier reduced his spending limit because of the CCJ.

When Mr R first contacted us, we asked him what he wanted to put things right. He said he was looking for financial compensation. As the investigator explained, our role isn't to punish a business. The Financial Conduct Authority regulates MCE. But it's clear that MCE caused Mr R considerable distress and inconvenience caused by its poor service. So I think the fairest outcome is for MCE to compensate Mr R. And we look at what happened rather than what might have happened when deciding a fair sum.

So I think MCE should pay Mr R £350 compensation, And I think it should pay interest on the sum he paid to settle the CCJ. MCE didn't reimburse Mr R until three months after he'd settled the CCJ costs.

my final decision

For the reasons I've given above, my final decision is that I uphold this complaint. I require MCE Insurance Company Limited to do the following:

- Pay Mr R £350 compensation for the distress and inconvenience caused.
- Pay interest at a rate of 8% simple interest a year on the sum Mr R paid to settle the CCJ in February 2019 to the date MCE reimbursed him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 December 2019.

Geraldine Newbold
ombudsman