

The complaint

Mr S complains about how UK Insurance Limited (“UKI”) handled his No Claims Discount on his motor insurance policy.

What happened

Mr S had a motor insurance policy from UKI covering his car.

He had built up eight years’ No Claims Discount (NCD) showing on his policy record, but UKI don’t recognise NCD longer than five years. So it used five years as his entitlement under the terms of its policy.

Mr S was involved in an incident in his car. UKI reduced his NCD from five to three years due to this.

Mr S wasn’t happy and he complained. He says he had to take a policy elsewhere with only three years’ NCD. UKI said it had applied the NCD correctly due to his incident.

Mr S remained unhappy and he brought his complaint to this service. He asks that UKI recognise his 6 years’ NCD and pay him £200 compensation. He says he wasn’t told about UKI’s NCD scale.

Our investigator looked into Mr S’s complaint and thought it wouldn’t be upheld. She thought UKI’s actions were fair.

Mr S didn’t agree with the view. He asked that his complaint was reviewed by an ombudsman, so it has been passed to me to make a final 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’m not going to uphold it and I’ll explain why.

NCD is a discount offered by insurers which reflects a good driving history. It’s issued to a particular driver.

Mr S took out a policy with UKI in 2020 and renewed it twice, before cancelling at renewal in 2023.

UKI’s policy wording issued to Mr S in 2020 stated:

“If you claim on your policy, we may reduce the NCD on this policy.

NCD at the start of the period of insurance 5, 6, 7, 8 or 9 years

NCD at the next renewal date following 1 claim: 3 years”

I can see the policy wording issued to him at subsequent renewals have similar wording.

The way his NCD is 'stepped-back' is normal in the industry and I think it's been used fairly here. Some insurers also limit the maximum entitlement to five years.

Mr S has said he's sure he didn't get told about this NCD scale when he originally purchased the policy, and UKI hasn't been able to send me copies of the original sales process.

But his policy renewed at least twice and gave him the same information in his policy documents, so I can't reasonably say UKI didn't give Mr S the information he needed to make an informed choice over the years he was insured by it.

I can see how being issued with policy documents saying he had eight years' NCD, which is different to how UKI's policy works, might be confusing. But I think UKI reasonably told Mr S about the discount he was entitled to, and it's acted in line with its terms and conditions.

I asked UKI if it would write to Mr S setting out the amount of NCD he started the policy with, the business' maximum, and how that's affected Mr S after his claim.

I can see that UKI has already done this. Mr S can now approach his current insurer and ask if it changes his situation.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 November 2023.

Richard Sowden
Ombudsman