

The complaint

Miss T complains that Advantage Insurance Company Limited (Advantage) progressed a claim for vandalism damage after she'd withdrawn it, impacting on her no-claims discount, under her motor insurance policy.

What happened

Miss T's car was vandalised, and her windscreen was smashed. She called Advantage to make a claim under her policy. She says Advantage confirmed the policy excess she'd need to pay, and said she'd lose her no-claims bonus. She says it told her she'd receive a call from its recovery agent to collect her car for the repairs. When she'd finished the call she contacted a local garage and obtained a quote to carry out the repairs independently. Miss T says this was £150 less than her policy excess would cost.

Miss T says she called Advantage back the same day. She confirmed she would be arranging the repairs herself and didn't need to make a claim using her insurance policy. She also says she spoke to its recovery agent to advise her car didn't need collecting. Miss T then arranged for the repairs to her windscreen.

At renewal Miss T noticed her no-claims discount had been removed and her premium was more expensive. She didn't think this was fair and complained.

In its final complaint response Advantage says Miss T reported her claim on 6 February 2023. It instructed its recovery agent the next day. It says its supplier was instructed on 20 February and because it incurred charges when following its processes, it correctly recorded the claim with the costs it had incurred. Advantage says it can look to change the record to a notification only incident if Miss T pays its costs. But as it's unable to claim the costs from a third-party due to the nature of the claim, it says its correctly recorded this as a fault claim.

Miss T didn't think she'd been treated fairly and referred the matter to our service. Our investigator upheld her complaint. She thought Miss T's testimony was persuasive that she'd called to withdraw her claim within an hour of first making it. She says Advantage hasn't provided information that persuades her Miss T's account is inaccurate. She says the business should amend the claim record to show as incident only, reinstate Miss T's no-claims discount, pay the difference in her premiums plus 8% interest, and pay her £100 compensation.

Advantage didn't respond to our investigator. Because an agreement wasn't reached, it has been 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.

Where an insurer can't recover its costs it will record this as a fault claim. This doesn't mean the insured is to blame for the damage. It just means the insurer has incurred costs that it

can't recover. In this case there's no third-party that Advantage can claim its costs from. The damage was caused by vandalism, which means there is no insurer it can pursue.

That said Miss T says she withdrew her claim within an hour of making it. This indicates that Advantage didn't have time to incur any costs. I've thought about whether it was fair for Advantage to record the claim in the way it did.

The first entry from Advantage's claim records is dated 7 February 2023. But in its final complaint response Advantage says Miss T's claim was made the day prior to this. I'd expect to see an entry from the date the claim was actually made.

I can see that our investigator asked Advantage if it had provided its full records. Also, whether it had any call recordings from around this time. It didn't respond. Based on what I've read I can't be sure that the records provided show the full extent of the contact between Miss T and Advantage.

The claim note from 7 February 2023 says Advantage had instructed its recovery agent and comments that Miss T's car isn't secure. A record dated 20 February indicates the business had instructed its repairer. The next record is dated 11 April. It shows a charge was received from the recovery agent. There are no further notes.

Advantage has supplied a copy of a payment it made to its recovery agent for £221.35. This is dated in March 2023.

In its submissions to our service the business says it spoke to Miss T on 11 April 2023. It says this is when she told it she wanted to withdraw her claim. Advantage says this is because her policy excess exceeded the cost she'd been quoted for the repairs. But there's no mention of this discussion in its claim records.

I asked Miss T if she could provide call records to show the calls she made to Advantage. She provided a response from her telecoms provider that explained these records were no longer available. This is because it only retains these records for 12 months.

I think it's unlikely Miss T would've paid for her car to be repaired, whilst knowing her insurer was arranging this. The records Advantage has provided are incomplete. There's no record from when Miss T first gave notification of her loss. But we know contact was made on 6 February 2023. The record from 11 April doesn't mention the claim has been withdrawn. Yet, Advantage says it was made aware of Miss T's decision on this day.

Based on this information I'm not satisfied that Advantage's records show the full extent of what was discussed between it and Miss T. I'm more persuaded by Miss T's testimony that she called Advantage to withdraw the claim shortly after it was made. I haven't seen evidence to show Advantage will have incurred any costs had it withdrawn the claim at this time.

Having considered all of this I don't think Advantage treated Miss T fairly when it failed to act on her instructions to withdraw her claim. To put this right, it should update its internal and any external records to show the matter recorded as 'incident only', with no associated costs. It should reinstate Miss T's no-claims discount and provide a letter confirming this has been done along with the updated record. She can provide this letter to her new insurer so that it can provide any refunds she is due.

This matter has clearly caused Miss T inconvenience and frustration. Had Advantage acted on the instructions she gave shortly after making her claim, this wouldn't have happened. To acknowledge this, it should pay her £100 compensation.

My final decision

My final decision is that I uphold this complaint. Advantage Insurance Company Limited should:

- update its internal and any external records to show the claim as notification only with no associated costs;
- provide a letter to Miss T that confirms the claim is recorded as incident only, and the reinstatement of her no-claims discount;
- pay Miss T £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 11 June 2024.

Mike Waldron
Ombudsman