

The complaint

Mrs S complains that Advantage Insurance Company Limited failed to deduct the correct no claims discount when her motor insurance policy renewed.

What happened

Mrs S took out a motor insurance policy underwritten by Advantage in January 2021.

In July 2021 her car was damaged in an accident. Mrs S referred this to Advantage. She said her car was hit while it was parked, so she wasn't at fault.

While the claim was still being considered, the policy came up for renewal. Mrs S had a phone call with Advantage on 21 January 2021 where she discussed the renewal. The renewal premium was calculated on the basis there was an outstanding claim but she was told she would get a refund if the claim was later closed as 'no fault'.

The policy renewed on 26 January 2022 for another year and her premium increased from £682 to £701.

The claim was closed on 1 February 2022 and recorded as 'no fault'. This meant Mrs S was entitled to a discount on her premium of £11.46 as from 26 January 2022 but the refund wasn't processed at the time – it was only refunded to Mrs S some months later.

In response to Mrs S' complaint Advantage accepted there had been a delay in telling her about the refund and paid compensation of £20 in respect of this. It says she made another complaint about the policy and was paid £50 compensation on that complaint so in total she's received compensation of £70.

Mrs S remained unhappy and referred the complaint to this service but our investigator didn't think it should be upheld. He said although there was some delay, the no claims discount was reinstated before the next renewal, there was no reason to say the amount of the reimbursement was wrong, and compensation was paid in respect of the delay.

Mrs S disagrees. She says she is still out of pocket because:

- the discount should have been applied automatically when the claim was settled in February 2022 but that didn't happen;
- at that point, she was still within the 14 day cooling off period for the renewed policy;
- if she'd been given the right information then she could have compared prices with other policies and could have cancelled the policy and gone elsewhere;
- she wasn't able to do this and was stuck with the existing policy for another year.

The investigator considered these points but didn't change his view. So Mrs S has requested an ombudsman's 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.

Like our investigator, I don't think the complaint should be upheld, for the following reasons:

- Advantage dealt with the claim in the normal way – it's standard practice to treat any claim as a 'fault' claim unless and until it has been settled without costs being paid and recorded as a no fault claim. That doesn't mean that Mrs S was being 'blamed' for the incident – simply that Advantage hadn't been able to recover all its costs. So there was no fault by Advantage in recording it in this way while the claim was being considered.
- As the policy renewed before the claim was settled, the renewal premium would have been calculated on the basis the claim was outstanding.
- Advantage accepts there was an error in not reinstating the no claims discount earlier but once this was done, it was backdated to the original renewal date.
- Mrs S says the deduction in the premium should have been higher. The information Advantage has provided shows the difference in price between two years' and three years' no claims discount is only a few percentage points. So whether the premium was calculated on two years' or three years' no claims discount, the difference in premium (bearing in mind this is only one of the factors taken into account) would have been modest. Based on the information I've seen I have no reason to say the refund is incorrect.
- Advantage should have let Mrs S know about the outcome and then adjusted her premium once the claim was settled but failed to do this until months later. But that doesn't mean Mrs S lost out in the way she suggests. She was able to get other quotes and could have moved to a different policy; it was her choice to renew the policy again.
- Policies will vary in relation to the cover offered. For example, Mrs S' policy included a number of extras such as legal expenses cover, breakdown cover and substitute vehicle cover. The level of cover, the number and types of extras and the way the insurer calculates the premium will vary from one policy to another.
- Mrs S has provided a screenshot of a quote she obtained for another policy, but this doesn't give any detail about the level of cover or whether there were any optional extras included, nor does it say a non-fault claim within the previous 12 months was included. So it's difficult to compare it with the renewal price or conclude that Mrs S lost out by not being able to switch.
- In any event, Mrs S could have changed policies but chose not to. And there's no guarantee that if she had been given the information about the claim in February 2022 it would have made a difference. She could have moved to another insurer on the basis she only had two years' no claims discount and giving them details of the outstanding claim, and then sent them proof of three years' no claims discount when she finally received it later in the year and asked them to review the premium.
- There was some delay but this was put right and for the reasons set out I don't think Mrs S has shown it caused a loss. She's had some compensation for the distress caused and I think that's fair.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 13 September 2023.

Peter Whiteley
Ombudsman