

The complaint

Mr S complains UK Insurance Limited (“UKI”) didn’t deal with his motor insurance policy correctly and this caused him financial loss.

What happened

Mr S took out motor insurance with UKI in June 2023 and paid for the premium in full.

Mr S received his no claims from his previous insurer but it was incorrect so he had to liaise with the underwriter of his previous insurer in order to correct the information. Mr S says he kept UKI updated as to what action he was taking.

Mr S says he spoke to someone at UKI and was told it would wait and call Mr S back in a week for an update. But UKI didn’t call.

Mr S says he told UKI that a fraudulent claim had effected his no claims and he was trying to sort it out. UKI assured Mr S no money would be taken without calling him first. And then he was told UKI would attempt to take the money without a call. So, he received conflicting information.

Mr S says he contacted UKI to let them know he’d resolved the issue with the no claims discount and to hold off attempting to take any funds. But UKI took approximately £96 from his account before it was supposed to.

Mr S says he repeatedly sent emails explaining what was happening and to explain the consequences of them taking the money. Mr S explained he was a single dad with a disabled daughter.

Mr S wants to be reimbursed and wants compensation for how UKI acted. He says UKI didn’t even write to him regarding the matter and referred his complaint to another company to deal with the payments. Mr S also wants to cancel his insurance with UKI and for the cancellation charge to be waived. Because Mr S wasn’t happy he complained.

UKI said it sent Mr S a copy of his documents when he took his policy out, and prior to the purchase of the policy he would have confirmed he read and agreed to the terms and conditions. UKI said it reviewed the documentation Mr S presented to validate the no claims bonus and identified that only three years no claims had been substantiated, but Mr S had declared he had nine years at policy inception. UKI didn’t uphold the complaint. It said when Mr S took the insurance policy out he said he had nine years no claims but the evidence only showed three. Since Mr S was unable to substantiate the full nine years no claims UKI adjusted the policy to reflect the proof provided.

UKI contacted Mr S’s previous insurer but since it didn’t have specific authority to speak to them the matter couldn’t be validated any further. UKI said the information provided from Mr S only shows the claim date and number, but no confirmation that no claims bonus was increased to 9 years, or that the claim was fraudulent. UKI said to reverse the additional premium Mr S would need to provide evidence of the declared nine years no claim bonus.

Mr S wasn't satisfied with the response from UKI. So he referred his complaint to the Financial Ombudsman Service. One of our investigators looked into things for him. He said he thought UKI dealt with the matter in a fair and reasonable manner. He said UKI gave Mr S a deadline by which to provide the information and since that was missed UKI took steps to obtain payment for the additional premium.

Mr S didn't agree. So the complaint has come 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.

Additional premium and no claims discount

I can see that Mr S is unhappy UKI took the additional premium from his account when he was trying to sort out the issue with his previous insurer and his no claims discount. I've no doubt Mr S provided UKI with the information and detail it required in order to obtain motor insurance and acted in good faith. I can understand why he's unhappy that UKI charged the additional premium and then took payment seven days later, especially given he was trying to sort out the matter with his previous insurer.

UKI wrote to Mr S in July 2023 to explain that his premium would change since there was a discrepancy in the number of no claims discount years disclosed. So an additional £96.84 was added, which included a £25 mid-term adjustment fee. The letter also said, *"we will collect this amount from the credit or debit card that is securely held on file in 7 days."*

Mr S contacted UKI on the same date to discuss the premium. During the course of that call the agent offered to set up a payment plan for the additional premium over six or seven months and confirmed that if proof of no claims was subsequently received the additional premium would be refunded. And I think this was reasonable in the circumstances. But Mr S didn't take this course of action. And I think if he had then he wouldn't have found himself in the situation he did.

Mr S also indicated he wanted to cancel his policy to give himself enough time to sort out the issue with the fraudulent claim and the no claims discount. But he didn't do this since it would incur a cancellation fee.

I've considered what is fair and reasonable in the circumstances of the complaint including what Mr S has said about the situation he was in and the effect of UKI taking the additional premium when it did. In the circumstances I think the insurer has acted fairly because Mr S was given notice about the payment being taken, and during the call with UKI on 11 July 2023 he was given a number of options to assist him but he chose not to take any of them. I haven't heard UKI tell Mr S that the premium wouldn't be taken, or that it would grant him an extension to provide the information. At that stage the nine years no claims hadn't been provided. So, UKI had no option but to charge the additional premium, since the price is based on the information it had.

Telephone calls and emails

Mr S says he sent UKI numerous emails that went unanswered. I haven't seen evidence of this but I've no reason to doubt his testimony.

During the call to UKI on 11 July 2023 Mr S makes it clear that if the full premium would be taken as planned it would cause him financial difficulty. I would expect UKI to take that into account in its dealing with Mr S and, in particular, in how it dealt with the additional premium. After Mr S explained he wanted to cancel the policy to avoid the full premium being taken, the agent offers to arrange a payment plan for Mr S to pay the premium. Since the premium is owed by Mr S under the terms of the policy I think the suggestion of a payment plan is fair and reasonable in the circumstances.

I know my decision will come as a disappointment to Mr S. And I want to assure him I have considered everything he's told us. But UKI have acted within the terms of the policy and I don't think it has acted unfairly or unreasonably here.

My final decision

For the reasons explained above I'm not upholding the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 January 2024.

Kiran Clair
Ombudsman