

## **The complaint**

Miss W complains AXA Insurance UK Plc unfairly considered her at fault for a motor insurance claim.

AXA's been represented by agents during the claim and complaint. For simplicity I've referred to the actions of the agents as being those of AXA.

## **What happened**

In April 2023 Miss W's parked car was hit by a third-party (TP) vehicle. The TP driver accepted liability.

In June 2023 Miss W received policy renewal documents from her insurer – AXA. She was unhappy that the premium had increased from around £880 to about £1,200. She didn't accept the renewal.

Miss W feels AXA unfairly increased the premium following the April 2023 collision despite her not being at fault. She says it's unfair that she is being considered as at fault when the TP accepted responsibility. And she complains AXA unreasonably took away her No Claims Discount (NCD).

Our Investigator didn't agree AXA had treated Miss W unfairly. So she didn't recommend it do anything differently. The Investigator said the claim has been recorded in line with standard industry practice. She said premiums might be higher due to an open claim being recorded as 'fault'. She said Miss W's NCD hadn't been reduced. Miss W wasn't satisfied with that outcome. So the complaint was passed to me, as an Ombudsman, 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.

As far as I've seen it doesn't seem to be disputed that the TP was at fault. However, it can take time for claims to be formally settled by the different insurers involved. Until that happens it's standard practice for records to show each policyholder as being at fault.

That 'fault' record doesn't necessarily mean the individual was to blame for the incident. Instead it can mean their insurer hasn't yet recovered their costs from the other party involved. And it doesn't necessarily mean the claim will be recorded as the policyholder being at fault when it's eventually settled.

It does seem Miss W's unlikely to be considered, once the claim is settled, as liable for the incident. I can understand why she's frustrated by the open claim record having an impact on her. But if AXA has recorded her, whilst the claim is open, as at 'fault' it doesn't mean it's done anything wrong or treated her unfairly.

Miss W's said AXA's taken away her NCD. She had eight years at the start of her June 2022 policy. Her AXA renewal documents for June 2023 also show eight years. So she wasn't awarded an additional year for June 2022 to June 2023 – the policy year of the incident.

Miss W's AXA policy terms explain how her NCD entitlement works. It says her entitlement won't increase if she makes a claim where the insurer's been unable to reclaim costs from a third-party.

AXA's explained that as she has 'protected NCD' Miss W didn't lose any years of entitlement – but she won't gain an additional one (for 2022 to 2023) until the claim is closed with her recorded as non-fault (ie AXA having recovered its costs from the TP insurer). So AXA is acting in line with the policy terms. It seems that in the likely event the claim does settle with Miss W as 'non-fault' the extra year will be applied.

It may also help to explain that having an NCD doesn't mean insurers, when calculating premiums, can't consider claims – fault or non-fault. NCD is instead the basis for a discount. It's often applied after the insurer has accounted for claims history. In addition many insurers still take into account non-fault claims when calculating premiums. Sometimes they consider a history of a non-fault claim increases the risk of being involved in a future claim.

I can understand why Miss W's frustrated by the situation. It seems accepted that she wasn't at fault. Yet there's still an impact on her. But that doesn't mean AXA's done anything wrong or treated her unfairly. And once the claim is settled she can contact AXA about her NCD entitlement. She can also update her current insurer and request it recalculates her premium on the basis of the claim being closed and her not being at fault.

Overall I can't say AXA's treated Miss W unreasonable or caused her to be offered or charged an unfair premium for her insurance.

### **My final decision**

For the reasons given above, I don't uphold Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 26 December 2023.

Daniel Martin  
**Ombudsman**