

The complaint

Mr C complains that Advantage Insurance Company Ltd mishandled a claim on his motor insurance policy.

What happened

Mr C had a hatchback car that had first been registered in 2007. For the year from April 2022, he renewed a comprehensive policy for the car. The policy was branded with the name of an insurance intermediary. Advantage was the insurance company that was responsible for dealing with any claim.

The policy schedule said that Mr C had 9 or more years no claims discount (“NCD”), but he didn’t have protected NCD. (Mr C has referred to no-claims bonus (“NCB”) and that is equally correct.)

Unfortunately, in late February 2023, the car was involved in an accident involving a third party’s vehicle on a roundabout. Mr C reported that to Advantage.

In early March 2023, Mr C complained to Advantage that it should confirm he wasn’t at fault. In the meantime he said he wasn’t going to make a claim on his policy and book his car in for repair.

Much of the complaint is about acts or omissions of the intermediary acting as claims-handler for Advantage. Insofar as I hold Advantage responsible for such acts or omissions, I will refer to them as Advantage’s.

By a final response dated late March 2023, Advantage apologised for delay in contacting Mr C’s witness and said it was paying £30.00 compensation. Advantage said it was waiting to hear from the witness, so liability hadn’t yet been decided.

Mr C asked us to investigate.

On about 19 May 2023, Mr C withdrew his claim.

In late May 2023, Mr C told us he was making a statutory off-road notification (SORN) for the car and would cancel the policy.

Our investigator didn’t recommend that the complaint should be upheld. He thought that Advantage had acted in a fair and reasonable way.

Mr C disagreed with the investigator’s opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- He hadn’t made an accident claim for over 30 years.
- He took out an Advantage policy in 2020. He renewed it in 2021 and 2022. He was paying about £400+ per year.

- Advantage recorded his NCD at 9 or more years.
- The accident damage to his car was only on the nearside front door. The front of his car was ahead (and to the right) of the other car when the collision took place. He was not responsible for the incident.
- When the policy expired in April 2023, he renewed it. He paid £830.00 with 3 years NCD.
- It was being argued that the car was not worth repairing
- He withdrew his claim and cancelled the policy.
- He took out a policy with another insurer. Advantage incorrectly told his new insurer that he only had 4 years' NCD.
- At the moment the car is covered by his son's motor trade insurance.
- He would like Advantage to restore his NCD of 9 or more years. He would prefer to have his own insurance with the correct NCD reducing the premium.
- He would also expect some compensation for the unnecessary aggravation he has suffered for the last few months.

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.

Scope of this final decision / NCD

The Financial Ombudsman Service is bound by the Financial Conduct Authority's dispute resolution rules. One of those rules means that – before we can investigate a complaint – the consumer must first have made that complaint to the regulated firm and waited for up to eight weeks for a final response. It follows that we can't usually investigate complaints about events that happened after the complaint which is the subject of the final response.

Also, the rules require us to operate a two-stage process under which an investigator gives an opinion on a complaint and an ombudsman gives a final decision on that complaint.

Mr C's complaint in March 2023 and the final response dated late March 2023 relate to events in February and March 2023.

Mr C hadn't complained to Advantage about NCD. After he cancelled the policy in about May 2023, and after the investigator's opinion, Mr C made a complaint, to us, about NCD.

In line with the rules, I can't deal with that complaint in this final decision.

Mr C may wish to ask Advantage about the policy terms under which it "stepped back" his NCD to 4 years in about April 2023. He may wish to remind Advantage that he later withdrew his claim. He may also wish to ask Advantage to confirm the position on any claim by the third party.

Liability

Where a policyholder makes a claim on a policy, or a third party makes a claim against the policyholder, it's common practice for the policyholder's insurer to treat such a claim as a

“fault claim” or an open claim against the policyholder unless and until the insurer has established that it won’t have to bear any outlay.

Most motor policies include a term allowing the insurer to decide how best to deal with a claim involving a third party. Mr C’s policy with Advantage included the following term:

“Your Insurer has the right to:

- Carry out the repair; and*
 - Take over and conduct the defence or settlement of any claim under the Policy for its own benefit. This includes taking proceedings in your name, or in the name of any other person claiming under the Policy, at its own expense. Save in respect of the Excess, Your Insurer has the right to retain sums recovered in full insofar as they reflect the diminution in value of the vehicle.*
- These actions may be taken in your name or the name of any insured person.”*

In my view, that meant that – on a question of how best to deal with a question of liability involving a third party – Advantage’s view would prevail over Mr C’s.

I can understand that Mr C didn’t want to make a claim if Advantage was going to treat it as a fault claim against him. And he didn’t want Advantage to write off his car.

However, at the time of the final response in late March 2023, Advantage was still considering the question of liability. And in May 2023, Mr C withdrew his claim. So I can’t conclude that Advantage had treated Mr C unfairly on the question of liability.

Therefore I don’t find it fair and responsible to direct Advantage to pay Mr C compensation for distress and inconvenience.

My final decision

For the reasons I’ve explained, my final decision is that I don’t uphold this complaint. I don’t direct Advantage Insurance Company Ltd to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 24 November 2023.

Christopher Gilbert
Ombudsman