

The complaint

Mr B complained about the delay by MCE Insurance Limited (“MCE”) in issuing his proof of no claims bonus (NCB). MCE were Mr B’s broker for his motorcycle policy.

What happened

Mr B had a motorcycle policy with an insurer that expired on 11 November 2020. As Mr B approached the end of his policy term, he decided to switch to a different insurer once his policy had expired. Mr B would’ve accrued three years NCB when his policy expired.

When setting up Mr B’s new policy, Mr B’s new insurer asked for proof of Mr B’s NCB. So, on 22 October 2019, Mr B emailed MCE to ask for proof of his NCB. As Mr B received no reply from MCE he contacted them again on 27 October 2020, 29 October 2020 and 13 November 2020 requesting proof of his NCB. When MCE failed to respond, Mr B raised a complaint on 17 November 2020.

MCE said it was unable to issue the proof Mr B required until his policy had lapsed. MCE investigated the complaint and said its service didn’t meet its expectations and it issued Mr B a payment for £50 for the inconvenience caused as it didn’t issue Mr B his proof of NCB until 2 December 2020.

Due to the delays in Mr B being able to provide proof of his NCB to his new insurer, the insurer re-calculated Mr B’s premium on the basis he didn’t have any NCB, which resulted in it increasing by £295.73.

MCE said Mr B didn’t inform it that he was at risk of having a future policy cancelled. MCE said if it had been aware, MCE may have been able to liaise with the insurer to see if any steps could be taken to provide this directly.

Our investigator decided to uphold the complaint. He thought the compensation paid by MCE was fair for the poor service it offered. However, he thought the delay in MCE issuing the proof of NCB had financially impacted Mr B. So, he asked MCE to liaise with Mr B’s new insurer, to ensure the accrued NCB was properly recorded and to ask the insurer to refund the excess premium. If the insurer wouldn’t refund the excess premium, then he asked MCE to refund it themselves. MCE disagreed, so the case has been referred to an ombudsman.

My provisional decision

I issued a provisional decision on this on 16 November 2021. I said:

“Mr B said he was waiting six weeks for proof of his NCB. I have seen evidence supporting this. Mr B’s policy expired on the 11 November. It’s normal practice in the insurance industry for insurers to wait until a policy has expired before issuing proof of NCB for that policy. So, whilst I see Mr B had chased MCE for proof before his current policy had expired, I don’t think MCE has acted unfairly to this point. However, MCE didn’t issue the proof of NCB until two weeks later. I think it could’ve done this quicker, so I have looked at the impact of this.”

Mr B was looking at getting a new policy from a different insurer to coincide with the expiry of his current policy. Mr B accepted a quote for a new policy which was based on the level of NCB Mr B had told the new insurer he had. Mr B's new insurer asked for proof of the NCB to be provided within seven days of the start of the policy. As MCE hadn't provided this to Mr B, he was unable to share it with his new insurer. So, the new insurer cancelled Mr B's new policy.

Mr B proceeded to get a new quote provided by the new insurer which was based on him having zero NCB. Mr B accepted the quote which was £293.73 higher. I think it's reasonable to assume the impact of not having the proof of NCB caused the premium to increase by this amount.

Mr B said that he wasn't able to add the NCB to his policy retrospectively and receive a refund from his new insurer. However, he hasn't been able to provide any evidence to support this. It's usual for a new insurer to refund part of the premium when evidence is provided of the NCB to it after the policy has commenced.

I think MCE could've issued the proof of NCB earlier and this has initially led to a financial loss for Mr B. However, as it's normal for this to be refunded and the correct level of NCB to be recorded by the new insurer, I think it's important that Mr B provides written evidence from his new insurer that it's unwilling to refund the increase in premium he's incurred. Without this, I think it's likely and sensible to assume that the new insurer would've refunded the additional premium paid and updated his NCB record accordingly if the proof of NCB was provided. Therefore, without this evidence, I won't be able to uphold this aspect of the complaint.

However, as MCE did delay providing the proof of NCB. It caused Mr B some distress and inconvenience as it hindered his efforts to secure a new policy at the right price based using the correct level of NCB. Mr B will make an additional effort arranging his refund. MCE did acknowledge the delay and paid Mr B £50 for this. MCE said Mr B didn't notify them that a future policy maybe cancelled. However, as Mr B raised the need for proof 5 times with MCE, I think it should've realised this was important to Mr B. So, whilst I accept it couldn't issue the proof of NCB until the policy expired on 11 November, I think it should've issued this immediately when the policy expired. Therefore, I intend to uphold this aspect of the complaint. I intend to award a further £100 compensation for the distress and inconvenience the delay caused in the circumstances of this complaint, as Mr B had made several requests to MCE to issue the proof of NCB".

Responses to my provisional decision

MCE disagreed with my provisional decision. MCE said it "awarded £50 to Mr B as he had not been financially impacted by this however, we do recognise that it was frustrating to contact MCE following the expiry of the policy to request this. Based on this, we still feel £50 is a fair amount to award the customer".

Mr B didn't reply to my provisional 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.

MCE recognises the frustration it caused Mr B, but disagreed with the level compensation I awarded for distress and inconvenience. However, given neither party has provided any new information, I see no reason to change my provisional decision.

My final decision

My final decision is I partly uphold this complaint. I require MCE Insurance Limited to pay Mr B:

- £100* – compensation for distress and inconvenience the delay caused (in addition to the £50 already paid)

MCE Insurance Limited must pay the compensation within 28 days of the date on which we tell it that Mr B accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 January 2022.

Pete Averill
Ombudsman