

The complaint

Mr S complains that U K Insurance Limited (“UKI”) has treated him unfairly in relation to his motor insurance policy.

Any reference to Mr S or UKI includes respective agents or representatives.

What happened

The background of this complaint is well known to both parties. So, I’ve summarised events.

- Mr S held his motor insurance with UKI. He made a theft claim under his policy. This was accepted and settled by UKI.
- Following this, Mr S raised several concerns with UKI. He said he’d been given incorrect information about his number of years of no claims discount (“NCD”), and said a theft claim should not be held as “at fault” against him when it was outside of his control, and said it had failed to call him back.
- UKI issued a final response letter in September 2023. It said it recognised it had given Mr S incorrect information about the number of years of NCD he held. It also recognised it didn’t call him back when it said it would. And it awarded £50 compensation for this. But it said the policy was clear on “at fault” issues.
- Unhappy, Mr S brought a complaint to this Service. He reiterated he was unhappy with UKI’s actions and detailed medical conditions and disabilities he suffers from that heightened the impact of UKI’s actions. He also said:
 - He had to contact his new insurer (Company A) and tell it of his corrected NCD which led to an increase in premiums.
 - The matter caused him an ongoing financial pressure.
 - The terms and conditions were not clear on how theft claims would be handled in relation to NCD. And anything not clear or misleading could not be added to the contract after it had begun, and would not be binding based on legal principles.
- The Investigator upheld the complaint, saying:
 - UKI was not indicating Mr S was to blame for the theft. But it had correctly classed the claim as “at fault” as there was no third party to claim from.
 - UKI’s terms were clear, and he wouldn’t expect it to explain the matter related to NCD anymore than it did.
 - UKI had incorrectly told Mr S he had four years of NCD instead of two – which was due to the theft claim he’d made.
 - UKI’s previous offer of compensation didn’t factor in Mr S’s particular medical conditions which are seriously impacted by stressful situations. And here, the incorrect information led to Mr S’s premiums increasing more than he expected. As a result, he said the compensation should be increased by £250

(bringing the total to £300).

Mr S disagreed, and UKI didn't respond with anything further. So, the complaint has been passed to me for an Ombudsman's final 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.

I'm upholding this complaint. I'll explain why.

Mr S's complaint spans several issues. I'll address these in turn.

Fault claim

Mr S states it is unfair for UKI to hold him "at fault" for a theft claim. And he's said the policy wording doesn't support UKI doing so.

Insurers will usually record a bonus disallowed claim (or fault claim) on the relevant database when it's unable to recover all its costs from another party (usually the other driver's insurer). And evidently there isn't another insurer for UKI to take action against in this case given the nature of the claim.

So, I'm satisfied it is both fair, and in line with standard industry practice for UKI to have classed this claim as a fault claim.

Mr S says the policy isn't clear on this point. Under "No Claims Discount" it states:

"If you don't claim on your policy, we'll adjust your renewal premium in line with the NCD scale that we're using at the time you renew.

However, if you claim on your policy, we may reduce the NCD on this policy."

So, it's clear to me if a policyholder claims on the policy their NCD may be reduced. Here, Mr S has claimed on his policy, so it follows that it was reduced. Mr S has objected to the term "may" in the above terms, suggesting it isn't automatic that a theft claim should reduce his NCD. However, I'm satisfied this was fair in the circumstances and this hasn't changed my mind.

And while I don't think the policy is unclear on this subject, even if I did, this wouldn't have changed anything as the same will have been true of all motor insurance providers that I'm aware of in the same circumstances.

I also recognise Mr S has stated he was not at "fault" and provided details of local police who he said could confirm he wasn't at fault for the theft. To be clear, the term "at fault" here is doesn't always mean a policyholder consumer is to blame for the incident.

Mr S has also referenced legal principles he said should apply that relate to inserting terms after the contract has begun – but for the reasons given above, I'm satisfied the terms are clear. So, I disagree with Mr S' suggestion that UKI shouldn't be able to rely on the terms in question.

NCD

UKI has accepted it gave Mr S incorrect information about his NCD. So, I'm satisfied this

was a mistake on its part.

Mr S has described the impact of having to tell his new insurer and it revising his premium as a result. It seems to me this was always the premium Mr S would've been charged given this is reflective of his actual circumstances instead of the incorrect information he'd relied on.

But I am satisfied having to go through this experience would've been both disappointing and frustrating for Mr S given he will have had to pay more money than he was expecting. Mr S has described in detail the medical conditions he suffers from and explained at length how stresses can trigger physiological reactions for him.

So, it seems to me the impact of this mistake on Mr S was greater than it might be on others. I've thought about the compensation awarded by our investigator, and given UKI hasn't responded to their assessment, I'm going to agree that the sum awarded is a fair and reasonable one taking into account Mr S' particular circumstances.

My final decision

For the above reasons, U K Insurance Limited must pay Mr S £300 in total. It can deduct any sums of compensation already paid from this figure.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 March 2024.

Jack Baldry
Ombudsman