

The complaint

Mrs A has complained about the impact on her renewal premium following a 'notification only' incident which she made to her insurer Advantage Insurance Company Limited.

All reference to the insurer Advantage in my decision includes its agents.

What happened

In March 2023 Mrs A reported a theft of some change and a bottle of perfume from her car to the insurer, Advantage. She didn't make a claim. No damage was done to her car. She said she discovered that there was an issue with her car keys in securing her car and she had this fixed by the dealership.

Mrs A's car insurance was due for renewal in October 2023. Mrs A renewed her policy, but she complained to Advantage. Her premium had increased by over 100%.

Advantage said it had correctly calculated Mrs A's premium. For failing to manage her expectations in how it would deal with her complaint, Advantage paid Mrs A £50 compensation.

Mrs A remained unhappy and asked us to look at her complaint.

In line with our approach to pricing complaints, our Investigator asked Advantage to provide its underwriting evidence by way of factors and loadings so that we could see if it had treated Mrs A fairly when calculating her renewal premium. We understand this is commercially sensitive information, so we don't share it. But insurers are generally able to provide this data to us.

Advantage said it uses a variety of methods to calculate a renewal premium and it is satisfied it applied Mrs A's claims history correctly when producing a renewal price for her. But it said it cannot provide us with data beyond what it has explained.

Advantage provided evidence the incident was correctly recorded externally as 'notification only' and with Mrs A's No Claims Discount (NCD) as 'allowed'.

Our Investigator was pleased to see that the incident was correctly recorded externally. But he recommended Mrs A's complaint should be upheld - in the absence of underwriting evidence to support what Advantage said about its calculation of the premium.

The Investigator noted that the renewal documents showed Advantage had recorded the incident as a fault claim, which affected Mrs A's NCD. As it was 'notification only' incident and no claim costs were incurred, the Investigator didn't think Advantage had been fair.

He recommended Advantage recalculate the premium based on a 'notification only' incident for the theft incident and pay 8% interest on the difference in premium when reimbursing Mrs A. He recommended Advantage increase the compensation it paid from £50 to a total of £150 for the distress and inconvenience caused.

Advantage didn't agree and wants an ombudsman to decide.

Mrs A accepted the Investigator's findings.

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.

Mrs A's renewal documents which Advantage sent in September 2023 show the incident as follows:

Date – 03/23

Description – Theft from Vehicle

At fault – Yes

NCD affected – Yes

Mrs A didn't claim for any damage or loss. She reported the incident, so we would reasonably expect an insurer to record and price the incident as a 'notification only'. Notification only incidents mean no claim was made, and so the NCD shouldn't be affected.

This is how Advantage has recorded the incident for external databases – so for other insurers to see.

But from the information in the renewal invitation, Advantage seems to have incorrectly calculated the premium Mrs A paid in October 2023.

Advantage says it is unable to provide a breakdown of how it calculated the renewal premium for Mrs A, but it is satisfied it is correct. Advantage says that it applies no distinction between fault or non-fault claims for a theft incident. This is because in most theft claims, it cannot recover its costs from a third party.

But in this case, Mrs A made no claim. And Advantage has failed to provide any actual data to demonstrate how Mrs A's premium was calculated for us to determine it has been fair. So I've had to make a decision based on what I've seen.

It seems unfair for Advantage to record and price the claim as a fault claim rather than a 'notification only' incident. Advantage hasn't paid any claim costs which it would under a fault claim. And I think Advantage has understandably caused Mrs A distress and inconvenience by the way it has recorded the incident.

So I'm upholding Mrs A's complaint in line with the Investigator's recommendation which I've set out below.

My final decision

My final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to do the following:

- Recalculate Mrs A's premium based on a notification only incident and allow her NCD for the theft incident in March 2023.
- Pay interest at a rate of 8% simple interest on the difference in premium Mrs A paid at renewal from October 2023 to the date of reimbursement.
- Pay Mrs A a further £100 compensation in addition to the £50 already awarded, for the distress and inconvenience caused,

Advantage Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Mr A 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 a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 26 September 2024.

Geraldine Newbold
Ombudsman