

complaint

Miss U complains that Advantage Insurance Company Limited applied an additional premium to her motor insurance policy following the addition of two previously undisclosed non-fault incidents and that it took the money from her account without telling her. She seeks a full refund of the additional premium.

background

Miss U was involved in an accident and notified her broker. During this conversation Miss U told it of two previous non-fault incidents. Miss U says that £343.17 was then taken from her account without prior notice. The broker confirmed this money was taken as an additional premium for the two non-disclosed incidents as Advantage had decided that Miss U had an increased risk. The broker said that a letter was sent to Miss U telling her of this. During the original telephone conversation when the two non-fault incidents were discussed, the broker failed to inform Miss U that there may be an additional premium to pay. Miss U said that she did not receive a warning letter and therefore she was unaware of the payment being taken so it had an effect on her personal finances. Miss U disputes that a clear question was asked about previous claims and therefore she felt she did not have to disclose the two non-fault incidents. Miss U says that a 'regardless of blame' element should be added to make the questions clearer. Miss U also says she was made to feel fraudulent by the broker when discussing the non-fault incidents during the handling of her complaint.

Advantage accepted that a poor level of customer service had been provided and took into consideration the inconvenience Miss U suffered. Advantage offered Miss U £50.00 compensation, agreed to consider any bank charges caused by this matter and agreed upon receipt of a phone bill to consider a refund in respect of the costs incurred by Miss U.

The adjudicator did not recommend that the complaint should be upheld. She thought that Advantage had asked a clear question requiring disclosure of non-fault incidents, although she accepted that Miss U said that she did not mention the non-fault incidents as she did not think them significant. She thought that Advantage had reasonably charged the extra premium as this was what it would have charged if it had known of the incidents when the policy was taken out. The adjudicator thought that Advantage's offer to rectify the customer service issues was reasonable.

Miss U responded that she disagreed with this view as she thought that she should have been told during the telephone conversation with the broker that an extra premium would be charged.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Advantage says that the additional premium was applied to Miss U's motor insurance policy following the addition of two previously undisclosed non-fault motor claims made within the past five years. These had come to light after Miss U had reported a recent incident.

As the adjudicator has explained, where a complaint arises from non-disclosure of information important to an insurer, we look to see that it asked a clear question when the policy was taken out, that the information given would affect whether a policy was offered, and whether the informant has acted carelessly or deliberately in making the non-disclosure.

When Miss U first took out the policy online she was asked,

“have you had or caused any accidents, claims or damage involving any motor vehicle (including car, motorcycle or van) in the past five years, whether or not a claim was made, and regardless of blame”.

I find this to be a clear question that asks for disclosure of any claims regardless of blame. Because of this I find that the requirement to disclose non-fault incidents regardless of blame was made clear to Miss U. Miss U said that she did not disclose the two claims as she did not consider them to be significant. However, I find that under the Statement of Demands and Needs section of Miss U's policy it is stated that she must tell Advantage immediately of any accident, *“no matter how trivial and regardless of blame”*. I find then that Miss U should have informed Advantage of the incidents and that, when it became aware of them, it acted fairly and reasonably when it increased the premium to take into account the increase in risk. It follows that I find that I do not require Advantage to refund the additional premium.

Miss U says that she was not told that a payment would be taken from her account and that this caused her distress and inconvenience. However, I find that I am satisfied that Advantage sent Miss U a letter on 21 June 2014 notifying her of the amendment, although I accept that Miss U did not receive this. Advantage also accepts that it should have told Miss U in the initial call that her premium may be increased. I find Advantage's offer of £50.00 compensation for this error to be reasonable as this is in line with the level of compensation this service would recommend in similar circumstances.

Miss U also incurred costs for telephone calls to Advantage regarding this matter. I find that Advantage has accepted that it made errors in providing customer service and that it has reasonably offered to recompense Miss U for her telephone calls and bank charges on production of evidence. I find this to be a fair and reasonable response to Miss U's complaint and I do not require Advantage to do anything further. It is open to Miss U to accept Advantage's offers.

my final decision

For the reasons above, it is my final decision that I do not uphold this complaint and I make no award against Advantage Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss U to accept or reject my decision before 10 April 2015.

Phillip Berechree
ombudsman