

The complaint

Miss G complains that Ageas Insurance Limited reduced her No Claims Discount (NCD) from seventeen to three years following a fault claim made on her motor insurance policy.

What happened

Miss G's car was stolen, and she made a claim on her policy. Miss G hadn't protected her NCD. Ageas settled her claim and it reduced Miss G's NCD to three years. It said this was in keeping with its step back process following a fault claim. Miss G thought this was unfair as guidance on our website said that NCD was usually reduced by two years following a fault claim.

Our Investigator recommended that the complaint should be upheld. She thought Ageas' NCD step-back process was unusual. And so she thought it should have made its step-back process clearer when Miss G bought her policy. She thought Miss G may have acted differently if it had done so. She thought Ageas should either reduce the NCD to seven years or apply NCD protection retrospectively (and charge Miss G for this). And she thought Ageas should confirm this in writing and pay Miss G £50 compensation for the stress caused.

Ageas replied that the sale was non-advised, and Miss G had the option to protect her NCD. It said the NCD step-back process was included in its policy booklet. It said it had treated Miss G in the same way as any other customer. Ageas asked for an Ombudsman's review, so the complaint has come to me for a 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.

Miss G has explained that this claim has affected her badly. She said she'd lost her car but couldn't replace it with a similar one with Ageas' settlement. She said the claim had affected her premiums if she were to change her car and also her NCD entitlement. I can understand that Miss G feels frustrated, but I can't see that Miss G has complained to Ageas about the valuation of her car or the possible premium increase. So I can't consider these matters here.

Miss G said she had seventeen years' NCD entitlement, and this was reduced to three years following her claim. I can see that Ageas recognises a maximum of nine years' NCD entitlement, which I think is in keeping with standard industry practice. But Ageas states on page 18 of its policy booklet that any NCD of five years or over is stepped back to three years following a fault claim.

I think that this is an unusual term in motor insurance policies, as most insurers reduce NCD by two years in the event of a fault claim. And I think that if Ageas has a different process, then this should be made clear to consumers.

Because it is unusual and significant, I would expect it to be clearly set out in the policy wording, which it is, but also highlighted in the Insurance Product Information Document (IPID), summary or Key Facts document. This is so that the term would be brought clearly to

the customer's attention at the point of sale so that they could make an informed choice about whether the policy suited their needs.

But I can't see that the NCD step back process is highlighted in any of these documents. And I think it is unfair for Ageas to rely on it just being stated on page 18 of the policy booklet.

I think that if Miss G had been made aware when she bought her policy that her seventeen years NCD would be reduced to three years in the event of a fault claim, then she may have acted differently. I think Miss G may have looked elsewhere for cover that better suited her needs, or she may have paid to protect her NCD.

When a business makes a mistake, as I think Ageas has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

To make things right for Miss G, our Investigator suggested two alternative options for Ageas. It could reduce her NCD to seven years from its maximum of nine, or it could apply NCD protection retrospectively if Miss G paid for the cost from the start of her policy. And it should provide Miss G with confirmation in writing so that she can ask her current insurer to rerate her premium. I think either of these proposals are fair and reasonable as they would restore Miss G's position.

Miss G has been caused avoidable stress by Ageas' unfair reduction of her NCD. The Investigator recommended that Ageas should pay her £50 compensation for this. I think that's in keeping with our published guidance. So I think that's fair and reasonable.

Putting things right

I require Ageas Insurance Limited to do either of the following:

Reduce Miss G's NCD entitlement to seven years (in keeping with its maximum of nine years being recognised), and confirm this amended proof of NCD in writing to Miss G.

And pay Miss G £50 compensation for the distress and inconvenience caused.

OR

Apply NCD protection retroactively to the policy and charge Miss G for the resulting increase in premiums from the point the policy was incepted and write to Miss G confirming her NCD entitlement.

And pay Miss G £50 compensation for the distress and inconvenience caused.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Ageas Insurance Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 6 June 2022.

Phillip Berechree
Ombudsman