

The complaint

Miss M complains that Advantage Insurance Company Limited (Advantage) charged her two excess fees and failed to refund premiums after removing a named driver, following a claim under her motor insurance policy.

What happened

Miss M took out her motor insurance policy with Advantage in March 2021. At the beginning of August, she added her brother as a named driver. Shortly afterwards she had an accident and made a claim to Advantage. Her car was deemed a total loss. Miss M bought a new car in October and added this to her policy in place of the written-off car. At the same time, she removed her brother as a named driver.

Miss M says Advantage has charged her two lots of policy excess at £400 each. She says it told her there were two separate claims because she had reversed into a tree and then driven forwards into a pole. She didn't think this was fair to treat it as two separate incidents and didn't think it should continue to charge her for the additional cost of the named driver - after the policy was updated in October 2021.

Advantage says it informed Miss M, when she asked it to remove the named driver, that there would be no premium refund. It says it applied a £20 amendment fee at this time as per the agreed terms. The final response Advantage sent to Miss M's complaint isn't detailed and doesn't comment on the excess charges.

Miss M referred her complaint to our service. She didn't think Advantage was being fair. Our investigator upheld her complaint. She thought the policy terms meant Miss M needn't pay for the part of the premium for the named driver – after she removed this cover in October 2021. She also felt the accident should be treated as one claim with only one excess fee payable.

Our investigator considered Miss M's status as an inexperienced driver. She also thought the two impacts were related, as she had collided with the pole when attempting to free her car from the tree. She thought it fair for the damage to be considered as the result of one accident and Advantage should refund the second excess charge and the cost of the named party premiums plus 8% simple interest.

Advantage responded to say it closed the second claim as a duplicate so only one excess fee was paid. It says if Miss M can show otherwise it will arrange a refund. It says its policy terms don't allow a refund of premiums where there is a fault claim on the policy, and it wouldn't refund anything when removing a named driver in these circumstances.

Because Advantage didn't respond to our investigators request for further information, or clarify if it accepted her view, the complaint has been passed to me to decide.

I issued a provisional decision in June 2022 explaining that I was intending to uphold Miss M's complaint. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have thought about the circumstances of the accident as described by Miss M. I note her view that it's not fair to consider the damage was caused by two separate incidents.

But based on the information Advantage has sent to our service, it accepts only one excess charge should've been taken. According to its records this is what happened.

We asked Miss M if she could show that she paid two excess charges. She says she has realised only one deduction had been taken for the £400 excess charge. I understand Miss M was initially told this would be dealt with as two claims. However, Advantage says the second claim was closed down on its systems as a duplicate. So, I'm satisfied that only one policy excess charge has been paid and Miss M hasn't been financially disadvantaged by this.

The next issue I have considered is about the named driver premium. Miss M removed the named driver from her policy when she called Advantage in October 2021 after her accident. This is when she added the details of her new car to replace the one that had been written off. I have read the policy terms to understand what is expected to happen here. The terms, under the section entitled, "Your rights to cancel this policy" say:

"What happens when the Policy is cancelled?

If the Policy is cancelled, any fees, such as the arrangement fee, incurred before cancellation are non-refundable, as is the cost of your insurance for the number of days you've been insured.

If the Policy is cancelled, your Insurer won't refund a Premium for any Car where a nonrecoverable claim has been made on the Car or any replacement Car during the Period of Cover. Where instalments are being paid under a loan agreement, the balance of the annual Premium and the cancellation fee (if it's 14 days or more since your Policy started) will need to be paid."

Miss M had an accident and made a claim a few days after she had added her brother as a named driver to her policy. I can understand why, when she removed him in October 2021, she expected to pay no further premiums and/or receive a refund for any amount paid upfront. But I think the terms are clear that when a non-recoverable claim has been made, the balance of the annual premium remains payable. Miss M doesn't dispute that she was at fault for the accident.

I have thought about whether Miss M was in an informed position when she called Advantage and asked it to remove the named driver. The business was aware Miss M had made a claim at the time of the call. I think it's reasonable to expect its agent to refer to the policy terms and explain no refund will be paid for removing the named driver in these circumstances. In doing so Miss M was still paying the full cost but wouldn't receive the benefit of the named driver cover.

We asked Advantage for a call recording or contact records to understand what Miss M was told when she asked for the named driver to be removed from her policy. The business didn't respond to our request.

Based on the evidence I've seen, I don't think Miss M was in an informed position when she

instructed Advantage to remove the named driver from her policy. Her premium increased from £122.99 to £272.36 per month when adding the named driver in August 2021. Had Miss M been told the full premium was still payable, I think it's unlikely she will have removed the named driver and lost the benefit of this cover. Because of this I think it's fair that Advantage should refund the additional premium Miss M paid for the named driver. This is from the date the cover was removed up to the end of the policy term. Advantage should also pay 8% simple interest on this amount up until the refund is made.

In considering all of this I don't think Advantage treated Miss M fairly when not informing her the premium was due to be paid in full. And when telling her that two claims would have to be raised meaning two excess charges. Miss M has been caused distress as a result and has been caused inconvenience when trying to resolve this matter. In the circumstances I think £100 compensation is fair to acknowledge these points in addition to the premium refund.

I said I was intending to uphold this complaint and that Advantage should:

- refund the additional premium paid for the named driver from when this cover was removed up to the end of the policy term, plus 8% simple interest. *If Advantage considers that its required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss M how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
- pay £100 compensation to Miss M for the distress and inconvenience she was caused.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

No further comments or information were provided by Miss M or Advantage for me to consider.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that Advantage Insurance Company Limited should:

- refund the additional premium paid for the named driver from when this cover was removed up to the end of the policy term, plus 8% simple interest. *If Advantage considers that its required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss M how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
- pay £100 compensation to Miss M for the distress and inconvenience she was caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept

or reject my decision before 13 September 2022.

Mike Waldron
Ombudsman