

## **The complaint**

Mr C complains about the amount Markerstudy Insurance Company Limited reduced his No Claims Discount (NCD) following a claim on his motor insurance policy. He wanted his NCD stepped back by two years.

## **What happened**

Mr C made a fault claim on his policy and Markerstudy reduced his NCD from 13 years to 3. It said this was in keeping with the policy's terms and conditions. Mr C said if this had been brought to his attention, then he would have bought NCD protection. He thought the term was hidden at the back of the policy booklet.

Our Investigator recommended that the complaint should be upheld. He thought the reduction made by Markerstudy was unusual and wasn't sufficiently brought to Mr C's attention when he bought the policy. So he thought it was unfair for Markerstudy to impose it. He thought Markerstudy should either reduce Mr C's NCD to seven years, or retrospectively apply NCD protection and charge Mr C for the resulting increase in premium.

Markerstudy replied with examples of other insurers' NCD step backs. It said the index of the policy booklet directed Mr C to the NCD section. So it didn't agree this was hidden. And it said Mr C could have bought NCD protection.

## **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.

Markerstudy relied on the policy's term and condition that stated that when a policyholder has nine or more years of NCD, this will be reduced to three years, if the NCD is unprotected and the claim has been settled as 'fault'.

I think this is an unusual term and condition in motor insurance policies. This is because most insurers will reduce NCD by two years in the event of a fault claim. Markerstudy provided examples of other insurers' step back procedures. But I can see that in each example, where the consumer has the maximum NCD allowed, the step back for one claim is always two years. Markerstudy's maximum NCD allowed is nine years. So, to be consistent with industry standards, this should be reduced back to seven years in the case of one claim.

And so I think Markerstudy's term is significant, and I would expect it to be set out in the policy wording and in the summary or Key Facts document.

But it isn't. The term is on page 28 of the policy booklet, but it isn't in the other policy documents. I don't think it's fair for Markerstudy to rely on such a significant term hidden in the policy's small print. Also, I can't see that Mr C was made aware of Markerstudy's step back process when he bought the policy. And I think that if he had then he would have either bought NCD protection or chosen a different policy.

So I think it's fair and reasonable for Markerstudy to either reduce Mr C's NCD entitlement to seven years (in keeping with its maximum of nine years being recognised), or to apply NCD protection retrospectively to the policy and charge Mr C for the resulting increase in premium.

### **Putting things right**

I require Markerstudy Insurance Company Limited to either:

1. Reduce Mr C's NCD entitlement to seven years (in keeping with its maximum of nine years being recognised); or
2. Apply NCD protection retrospectively to the policy and charge Mr C for the resulting increase in premium.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 April 2023.

Phillip Berechree  
**Ombudsman**