

The complaint

Miss M complains about how UK Insurance Limited (“UKI”) handled her No Claims Discount entitlement under her motor insurance policy.

What happened

Miss M had a motor insurance policy from UKI covering her car. She’d been insured with UKI from 2020, when she had four years’ No Claims Discount (NCD), through to 2023.

At renewal in 2023, UKI wrote to Miss M as it couldn’t provide her with insurance any longer. It said she had three years’ NCD because she’d had a recent claim.

Miss M complained about this. She says she had to pay more for her insurance due to the lower NCD than she expected. She asks for her NCD entitlement to be increased to six years.

The appropriate part of the policy wording is:

“NCD at the start of the period of insurance: 5, 6, 7, 8 or 9 years

NCD at the next renewal date following: 1 Claim: 3 years”

UKI said it had applied the NCD correctly.

Miss M remained unhappy and brought her complaint to this service. She says she wasn’t told about UKI’s NCD scale.

Our investigator looked into Miss M’s complaint and thought it wouldn’t be upheld. He thought UKI’s actions were fair and it had told Miss M about its NCD scale in its policy wording. Miss M didn’t agree with the view. She asked that her complaint was reviewed by an ombudsman, so it has been passed to me to make 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.

Having done so, I’m not going to uphold it and I’ll explain why.

In later correspondence with this service Miss M has shown that the policy wording provided by UKI is in her online account. She has demonstrated that there are various documents that are viewable, but the actual policy wording is accessed via a separate link towards the bottom of the screen.

NCD is a discount offered by insurers which reflects a good driving history. It’s issued to a particular driver. Miss M took out a policy with UKI in 2020 and renewed it twice, before it ended at renewal in 2023.

The way her NCD is 'stepped-back' is normal in the industry and I think it's been used fairly here. Some insurers also limit the maximum entitlement to five years, which is effectively what UKI has done.

Miss M has said she didn't get told about this NCD scale. But her policy renewed at least twice and it gave her the information she needed in her policy documents. So, I can't reasonably say UKI didn't give Miss M the information she needed to make an informed choice over the years she was insured by it.

Miss M has provided video evidence of where on her policy records the policy wording can be found, and I agree with her it's not straightforward to see because it seems to be located in a different place to the other policy documents. But as I've said, Miss M had a policy with UKI for three years and hasn't raised this as an issue before. If UKI's approach to her NCD was a major factor in her choice of car insurance policy provider then it seems reasonable to think she'd have sought out the information before it became an issue at the end of her policy.

So, taking everything into account, I think UKI reasonably told Miss M about the NCD scale and it's acted in line with its terms and conditions.

It's apparent that Miss M was entitled to three years' NCD from UKI at the end of her policy in 2023 (which was 6 years at the start of it in 2022) due to the claim.

But other insurers may treat her situation differently, so I asked UKI if it would write to Miss M setting out the amount of NCD she started the policy with, the business' maximum, and how that's affected Miss M after her claim.

UKI took some time to respond to my request, but I think it's reasonable to ask UKI to carry it out and write to Miss M to confirm the details I've set out above. Once UKI send this to Miss M, she can then approach her current insurer and ask if it changes her situation.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 22 February 2024.

Richard Sowden
Ombudsman