

The complaint

Mr K complains that Advantage Insurance Company Limited (Advantage) added a 'young and inexperienced' excess fee for him and wife, under his motor insurance policy.

What happened

Mr K agreed to a motor insurance policy with Advantage commencing in March 2023. His wife was insured as a named driver. He noticed the policy documentation required both he and his wife to pay a young and inexperienced policy excess fee for £195 in the event of a claim. He didn't think this was fair as he and his wife had held driving licences for 19 and 16 years respectively.

Mr K says he's been left in a difficult position as he now needs to look for more expensive quotes from other companies. He says he has wasted a lot of time dealing with Advantage and wants the excess fee removing from his policy, or a full refund and compensation. In its final complaint response Advantage says the excess fee was a decision its underwriting team made based on the information Mr K provided. It didn't agree to remove the excess fee, which it says is payable in the event of a claim.

Mr K thought he'd been treated unfairly and referred the matter to our service. Our investigator didn't uphold his complaint. She says the licence Mr K had held for a number of years wasn't a UK or EU licence. This meant the inexperienced driver excess fee was applicable.

Mr K disagreed and asked for an ombudsman to consider his complaint.

I issued a provisional decision in November 2023 explaining that I was intending to partially uphold Mr K'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.

Having done so my intention is to uphold Mr K's complaint in part. I understand this will come as a disappointment to him, but I will explain why I think my decision is fair.

Mr K was provided with a document pack having agreed to take his policy with Advantage. Under the section headed "Excesses" it says:

"Your excess is the part of a claim you have to pay, even if the damage or loss isn't your fault. It also applies if a named driver was in charge of the car. You'll find a detailed explanation of what each type of excess means in the "Meaning of words" section of your car policy document"

For both Mr and Mrs K the document says a compulsory excess fee for £150 is payable,

plus a "Young & inexperienced" excess fee for £195. The document says:

"This applies because of the age or the length of time the driver has held their UK or EU/EEC driving licence. For full details please see your car insurance policy."

Under the "Meaning of Words" section in Mr K's policy terms and conditions booklet, under the heading, "Excesses" it says:

"Young and inexperienced driver Excess.

If your Car was being driven by or was in the charge of anyone under the age of 21, including yourself, at the time of an incident, you'll have to pay the first £295 of any claim. If your Car was being driven by or was in the charge of anyone aged 21 to 24, or anyone over 25 who hasn't held a full UK or EU/EEC driving licence for at least one year, including yourself, you'll have to pay the first £195 of a claim. These amounts apply to accidental damage claims under section 1 and are on top of any other Excesses shown on your schedule of insurance."

Mr K is over 25. He's held a UK licence for less than a year but says he's an EU national and has held an international EEC driving licence for 19 years.

I've looked carefully at the information Mr K supplied. This includes an identification card from an EU country. This isn't a driving licence. He also supplied a driving licence that he's held since 2003. But this is for a non-EU country.

I can understand why Mr K doesn't think the 'inexperienced driver' excess fee should be included on his policy, given he has been driving for a number of years. But his policy terms are clear that the excess applies in his circumstances. This is because Mr K is over 25 and hasn't held a full UK or EU/EEC licence for at least a year. I haven't seen evidence to show the excess fee wouldn't apply for Mrs K either.

In these circumstances, having considered all the evidence I don't think Advantage treated Mr K unfairly by applying the excess fee requirement it did to his policy.

I've thought about Mr K's comment that he's wasted a lot of time with Advantage dealing with this matter. Having read through the information supplied I can't see that Advantage explained in appropriate detail why the policy excess had to form part of the policy terms. Clearly Mr K was confused by this given his understanding that he and his wife had the relevant driving experience and licences.

Advantage's complaint response says its underwriters made the decision to apply the young and inexperienced excess, based on the information Mr K supplied. I don't think this clearly explains the situation. Mr K didn't understand why the excess should apply. A fuller explanation that the licence he held was for a non-EU country and that his UK licence had been held for less than a year, would've been helpful. I can't see that this was given. This caused Mr K frustration and inconvenience. I think it's fair that Advantage pays him £100 compensation to acknowledge this.

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

Mr K accepted my provisional decision.

Advantage responded to say its complaint response isn't something that our service can consider under the Financial Conduct Authority (FCA) dispute resolution or DISP rules. It

said it didn't agree that it should pay £100 compensation for the inconvenience caused by an explanation it provided in its complaint response.

I responded to say that I couldn't see that Advantage had explained the situation in sufficient detail to Mr K prior to making his complaint. I said he was obviously confused about this given he and his wife had held driving licences for some time. I asked that it supply information to show that it had explained clearly to Mr K that the terms refer to the time he's held a full UK licence.

Advantage subsequently supplied a number of call recordings. Having listened to these calls I said I was minded to change my findings and so issued a second provisional decision in January 2024. Here's what I said:

second provisional decision

In one of the calls Advantage supplied from 17 April 2023 Mr K raises his concerns that he's held a driving licence for some time. He says he shouldn't be considered the same as a 19-year-old driver. In response the agent explains that the policy terms define an inexperienced driver as someone who hasn't held a full UK or EU/EEC licence for at least a year. Mr K confirms that he'd only held a UK licence for three months and his wife only held a UK provisional licence.

Having listened to this call I think the situation was explained clearly to Mr K. I don't think Advantage's complaint response gave a clear explanation. But as the business states, complaint handling isn't something that falls within my remit to consider. Because I'm now satisfied that Mr K was given a clear explanation as to why the inexperienced driver excess applied, I don't think Advantage needs to pay him £100 compensation.

I said I was intending not to uphold this complaint and asked both parties if they had any further comments or information they wanted me to consider.

Advantage didn't respond. Mr K responded to say the business didn't give him any information about the inexperienced driver excess fee when he contacted it. Had he known about this he says he wouldn't have agreed to its policy.

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 considered Mr K's further comments, I'm not persuaded to change my provisional decision.

Mr K applied for his policy online and was sent his policy documentation after this was completed. I can see from the policy schedule that the inexperienced driver term and the associated excess was explained. Based on this evidence I can't see that Advantage behaved unfairly when confirming this term would apply in the event of a claim.

Under the policy summary section in the box entitled "*cancelling your new or renewing policy*" it explains that Mr K can cancel within 14 days of the policy's start date, without charge. If he didn't accept these terms, the opportunity was available for him to cancel the policy. So, although I'm sorry to disappoint Mr K I'm not persuaded to change my provisional decision, which now becomes my final decision.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 March 2024.

Mike Waldron
Ombudsman