

## **The complaint**

Mr R and Mrs R complain about U K Insurance Limited's ("UKI") decision to not offer Mrs R Protected No-Claims Discount on her car insurance policy.

Mr R has acted as the main representative during the complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mr R or Mrs R as "Mr R" throughout the decision, save for when matters relate specifically to Mrs R.

## **What happened**

Mr R says Mrs R, as the policyholder, received a renewal invite – and at this point she had nine years Protected No-Claims Discount ("PNCD"). Mrs R had a previous claim on her policy and Mr R had also reported a theft claim relating to his own car which was made against his own insurance policy. Mr R says on receipt of the confirmation of renewal documents, he noticed the PNCD was no longer applicable, so he contacted UKI to query this. Mr R says he was assured there had been an error and this should be altered. Mr R says he was then informed that the reason for the protection being removed was that there were now two claims showing on the policy. Mr R complained and said he did have a claim, but this was against his own policy. He also complained about the information he was given during phone calls with UKI and about not receiving a return call.

UKI responded and explained the policy terms and conditions set out the criteria that applies in relation to the protection of the No-Claims Discount ("NCD"). They said if claims exceed these limits, then a policyholder is no longer eligible for protection. UKI accepted this position wasn't made clear to Mr R during phone calls and they hadn't returned a phone call. So they offered £50 compensation. They also agreed, as a gesture of goodwill, to honour the protection of the NCD for the next 12 months without any charge.

Our investigator looked into things for Mr R and Mrs R. She thought UKI hadn't acted unfairly in relation to the PNCD. She also thought the £50 compensation offered for the service issues was fair. Mr R disagreed so the matter has come to me for a 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've decided UKI's offer is a fair way to resolve matters. I understand Mr R and Mrs R will be disappointed by this but I'll explain why I have made this decision.

My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. The key dispute here relates to Mr R's concern that Mrs R's policy is being impacted by his theft claim despite this having been handled by his own insurer and him only being a named driver on this policy. Mr R says the policy documents don't say that Mrs R's PNCD will be affected by named drivers. UKI say PNCD isn't available if two fault claims or

more are noted on the policy for all drivers. They say both Mr R and Mrs R have a fault claim so technically the PNCD isn't allowed.

My starting point is Mrs R's car insurance policy booklet. This sets out the terms and conditions and, under the heading 'Protected No-Claims Discount' it says, "*Protected NCD means that you can make up to 2 claims in 3 years of insurance in a row, and this won't affect the NCD on this policy.*" I've looked at the policy documents and this shows two claims are recorded on the policy, one for Mr R and one for Mrs R, but Mrs R's NCD remains at "9+ years." So, I think UKI have acted in line with the policy terms and conditions as the protection feature on Mrs R's NCD has allowed her 9+ years to remain.

I acknowledge Mr R's point about why a theft claim under his own policy should affect Mrs R's PNCD. I can see UKI say they're free to set any terms they wish regarding eligibility for their insurance product and optional extras, and this can change but ultimately the final decision on this rests with them. UKI have provided me with confidential business sensitive information showing the criteria and eligibility which applies to the PNCD. I'm afraid I can't share this with Mr R because it's commercially sensitive, but I've checked it carefully. And, I'm satisfied UKI did take appropriate steps, in line with their underwriting criteria, to remove the protection feature for Mrs R's NCD. This is part of UKI's underwriting criteria so I can't say Mr R and Mrs R have been treated differently to other customers in the same circumstances.

Mr R may feel this is unfair but it's for a business to decide what risks they're prepared to cover and the criteria and eligibility for it. Different insurers will apply different factors. That's not to say an insurer taking into account a named driver's claim history has made an error compared to an insurer who doesn't take this into account – but rather, it reflects the different approach they've decided to take to risk.

I can see Mr R says the policy documents, including the terms and conditions, don't say any incident involving a named driver impacts the PNCD criteria for a policyholder – and he hasn't been provided with any evidence of this from UKI. UKI say they don't always provide details around why they do or don't cover certain things as this is commercially sensitive information. As this information falls within UKI's underwriting criteria, I don't think it's unreasonable for UKI not to share this information with Mr R or more widely in their policy literature. I acknowledge Mr R wants the policy documents to reflect the fact that UKI have permitted the PNCD for 12 months, but given what I've seen from UKI's underwriting criteria, I understand why they say they're unable to produce documents to confirm this. So, as an alternative, I think it's fair in the circumstances that UKI have made a note on their system to reflect that they've granted the PNCD to Mrs R for 12 months, and they've also confirmed this to Mr R in writing.

Mr R points out his claim involved a theft, so it wasn't a fault claim. I think it's important here to clarify how insurers decide whether a claim is treated as fault or non-fault. When a claim is made on a policy, an insurer will generally look to assess, from a liability point of view, who was at fault. If it's found that a third party was at fault – and this isn't in dispute – an insurer will generally arrange any repairs to their policyholder's car and look to recover their outlay from the third party's insurer. If an insurer is able to make a full recovery, they'll treat the claim as non-fault.

If however, the insurer isn't able to recover their full outlay, for example, if a car is stolen, then any costs incurred in settling the policyholder's claim won't be recoverable from a third party. And in these cases, because the insurer won't have recovered their outlay from a third party, they would treat this as a fault claim – and that's generally the case even if, from a liability perspective, the policyholder wasn't at fault.

The key facts about the part of the complaint relating to the customer service aren't in dispute. UKI accept they got things wrong when their call handlers weren't clear about why the PNCD wouldn't apply and they also didn't return a call. I think it's right that UKI should compensate Mr R and Mrs R for the upset and frustration caused. While Mr R wasn't given clear information about how the claims would impact Mrs R's PNCD, the position was clarified not long after. So, given the impact of this on Mr R and Mrs R, and the duration of that impact, I think £50 compensation is fair and reasonable in the circumstances. UKI have also agreed to provide Mrs R with PNCD for 12 months – and I think that's fair in the circumstances.

I understand why Mr R has complained, and I hope he feels reassured that I've checked the underwriting criteria from UKI. But I can't say they've made a mistake or treated Mr R and Mrs R unfairly. I wish to reassure Mr R I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### **My final decision**

U K Insurance Limited have already made an offer to pay £50 compensation to settle the complaint, and I think this offer is fair in all the circumstances.

So my decision is that U K Insurance Limited should pay £50 to Mr R and Mrs R, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 15 April 2024.

Paviter Dhaddy  
**Ombudsman**