

The complaint

Mr L complains One Insurance Limited unfairly removed his motor insurance No Claims Discount (NCD).

One Insurance has been represented by an agent. For simplicity I've referred to the agent's actions as being One Insurance's own.

What happened

In April 2023 a third-party made a claim against Mr L's One Insurance motor insurance policy. The third-party claimed his vehicle had, in December 2022, damaged theirs by reversing into it. Mr L denied any involvement, claiming the claim to be false. He provided supporting evidence as requested by One Insurance.

In September 2023 Mr L complained to One Insurance. He was unhappy his (NCD) had been reduced as a result of the claim – from sixteen years to three. In response One Insurance didn't refer directly to the NCD but said the claim would need to remain open as it was awaiting any additional information from the third-party. It said it will make every effort to dispute liability. It apologised for its general handling of the claim. It accepted it had failed to follow the correct procedures to contest Mr L's liability. It paid him £75 compensation as an apology.

Mr L wasn't satisfied by that response, so came to the Financial Ombudsman Service. He says the claim against him is false. He says he's provided information to One Insurance in support of that. But because of the claim his NCD has been removed and he had to pay more for motor insurance. To resolve his complaint he wants his NCD reinstated.

Our Investigator said One Insurance had reduced Mr L's NCD in line with the terms of his policy. But he felt it had caused him frustration by initially not dealing with the claim appropriately. It then asked Mr L to resubmit information already provided. The Investigator recommended One Insurance pay Mr L a total of £150 compensation in recognition. He accepted that outcome. As One Insurance didn't respond the complaint was passed to me to decide.

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.

I understand Mr L feels the claim is a false one. I accept that may be correct and so this entire matter is very frustrating for him. However, One Insurance did receive a claim against his policy. When that happens the reasonable course is to open a claim record and take appropriate action to determine liability. And as a claim was received, in line with his policy terms, Mr L's NCD was reduced. I can't say that was an unfair or unreasonable action by One Insurance. So I'm not going to require it to reinstate the NCD.

If the claim does result in no payment to the third-party then I'd expect One Insurance to reinstate Mr L's NCD. If that does happen he should approach his current insurer, as it may be able to adjust his premium retrospectively.

Mr L's policy expired in July 2023. So for the new policy he had a reduced NCD. Its possible he paid more than he would have, had he still had sixteen years. I accept One Insurance hasn't handled the claim as effectively as it might have. But I can't say its most likely the claim, notified in April 2023, would have been determined before the renewal date if it hadn't made mistakes. So I can't say it likely caused Mr L a financial loss in regard to his latest motor insurance policy.

One Insurance has accepted it failed for around four months to send anything to the third-party to dispute liability. I think that's likely to extend the life of the claim, whatever the eventual outcome. I'm satisfied that has caused Mr L some additional distress - beyond what might be ordinarily expected for a claim of this nature. I agree with our Investigator that a total of £150 compensation (including the £75 already paid) would be a fair amount to reflect the impact on Mr L.

My final decision

For the reasons given above, I require One Insurance Limited to pay Mr L a total of £150 compensation – including the £75 already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 3 April 2024.

Daniel Martin
Ombudsman