

The complaint

Mrs P has complained that Advantage Insurance Company Limited failed to advise her correctly when she asked about making a claim for damage to her car when it had been damaged by a hit and run driver.

What happened

Mrs P's car was damaged most likely outside her house by a hit and run driver around 1 November 2023. Mrs P's policy was due to renew, and she had accepted the renewal invitation sent to her by Advantage on 27 October 2023, which was processed on 4 November 2023, the date her policy was to renew. She said she phoned Advantage on 3 November 2023 to make some enquiries before she submitted any claim.

She wanted to know if in submitting a claim would her premium increase. The operative initially said it would only affect her next year's premium having confirmed this with his manager, and she would see the increase in the renewal invitation for the next year – namely before October 2024. Mrs P said he told her all she would have to pay now was £45 which Miss P mistakenly thought was her excess.

On this basis Mrs P said she was happy to make her claim and proceeded to explain the circumstances to this operative. She got a claim reference number and received follow up text messages concerning repairing garages. The repairing garage chosen had a nine-week waiting period so between Miss P and this operative another garage was found.

However, Mrs P said on 7 November 2023, (her car hadn't been taken away to get repaired yet), she received an email from Advantage which talked of updating her policy. On logging on to her account she said she saw the premium had risen by £727.11. Mrs P said she couldn't understand this as she had been told her premium wouldn't be affected until the following policy year. So, she complained.

Mrs P said had she known this, she wouldn't have made a claim and simply paid for her car to be repaired herself. Following numerous calls with Advantage Mrs P said she wasn't getting anywhere so she asked for her policy to be cancelled. At that time, she said she was told that her No Claims Discount (NCD) would be reduced from four years to one year also. Mrs P couldn't understand why her NCD was being affected as she hadn't yet gone through any claim.

Following this Mrs P said Advantage wanted her to pay for the time on risk of £159.09 to include a £45 cancellation fee. Advantage then waived the cancellation fee leaving her with £114.09 to pay. She refused to pay this and later in January 2024 she received an email from Advantage stating it had closed her claim and registered it as a fault claim because it had got no payment from any other driver to the accident, and it confirmed the NCD had been reduced. Mrs P said she was exasperated as no claim ever went through and Advantage hadn't paid for any repair to her car at all.

Mrs P complained again to Advantage and talked to another operative explaining the above. She also said she was now being insured on a monthly policy which was very expensive. She was told her NCD would be reinstated and that her complaint would be re-opened. And her time on risk costs were reduced from £114.09 to £65.64. Mrs P also said the original amount had been passed onto a debt collector as they had been in contact with her. Advantage still wanted her to pay this reduced amount.

Mrs P explained that throughout all this time-period, she had just spent a week in hospital suffering a traumatic miscarriage necessitating a blood transfusion and wasn't allowed to drive or lift anything heavy for four to six weeks, so she never drove the car and consequently there was no time on risk before she cancelled her policy on 24 November 2023.

Advantage's first final response letter was written on 17 November 2023 and related solely to the complaint Mrs P raised on 7 November 2023. It explained that her claim occurred on 3 November and that her policy renewed on 4 November 2023. Her premium price would also then be changed to reflect the claim was made, to include the reduction of her NCD. It admitted the advice she was given then by the operative was incorrect. On that basis it paid her £50 compensation. The person who wrote this final response letter acknowledged Miss P had also said she wanted to change her claim (as in not make any claim at all) and because she wasn't in the claims department but was instead with the complaints department, this wasn't something that she could help Mrs P with. And that Mrs P herself would have to contact the claims department which Mrs P did as detailed above.

Miss P didn't consider this was at all adequate and so she brought her complaint to us. The investigator noted Advantage has raised a second complaint for Mrs P which dealt with the remaining matters beyond 17 November 2023 which Miss P has raised. The outcome of that second complaint was dated 28 March 2024 and was upheld with Advantage refunding Mrs P for her more expensive monthly insurance premiums and it paid her compensation of £150. The total amount paid to Mrs P was £666.54. Part of that was also reviewing the handling of the previous complaint and clearing the outstanding balance due. It also apologised for making her already difficult and upsetting time more difficult. Mrs P has accepted this.

Therefore, this decision merely relates to the issues up to 17 November 2023. The investigator ultimately recommended Mrs P's complaint should be upheld, having regard to the extensive number of call recordings. He concentrated on the effect of the initial calls made before 17 November 2023, where effectively Mrs P has been given the incorrect information. Mrs P simply wanted to find out what effect making the claim would have on her premium amount. There's no dispute that Advantage accepted its operative had given her the wrong advice then. The investigator was of the view that under the Consumer Duty, Advantage had a duty to give consumers the information they needed at the right time in order to allow the consumer to make an informed decision. Where that information is wrong as was the case here, besides admitting it was wrong, Advantage had a duty to explain the correct information plus consider how the consumer was affected by the incorrect information.

Had Mrs P been given the correct information the investigator thought it was highly probable that Miss P wouldn't have made any claim at all. He also noted Mrs P had explained her very sad health issues at that time, he noted promised call backs never happened, and when calls dropped Advantage never called her back. And when Mrs P called back the same operatives weren't available. And she told two operatives she wanted the claim cancelled but both calls dropped and so no cancellation of the claim was ever actioned.

The investigator felt Advantage never considered what Mrs P would have done had it given her the right information at that time. He believed it was wholly likely Mrs P wouldn't have continued with her claim as she had told two operatives that she wanted the claim cancelled before 17 November 2023.

Instead, Advantage treated her claim as a fault claim when it hadn't actually paid anything towards the claim at all, reduced her NCD, and increased her premium amount.

So, in addition to the £50 compensation paid by Advantage in its final response letter of 17 November 2023 the investigator thought Mrs P's distress, trouble and upset was significantly higher than Advantage believed, at this time. So, he thought Advantage should increase that compensation from £50 to £250. Mrs P agreed to this, but Advantage did not. Consequently, Mrs P's complaint has now been 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.

Having done so, I'm upholding this complaint along the same lines as the investigator. I'll now explain.

First, I would like to offer Mrs P my sincere condolences on the loss of her pregnancy during this time.

I also realise I've taken the relatively unusual step on including the details of the subsequent complaint Advantage raised for Mrs P as now agreed and settled with Mrs P, solely to show that I do understand what parts of Mrs P's overall complaint falls into this decision. The consideration lacking in Advantage's dealing with Mrs P's complaint for which it wrote the final response letter of 17 November 2023, is its duties under the relatively new Consumer Duty edict.

It's abundantly clear from the call recordings that Mrs P explained to two different operatives that she wanted to cancel her claim (not her policy) and both of those calls dropped. One of the operatives said it could be a 'notification only' claim too. Neither of those operatives phoned Mrs P back or followed through on what she had requested either, to include noting the incident as 'notification only'.

It's also clear at this time that Mrs P hadn't yet asked for her policy to be cancelled. That came later.

All this means that Advantage didn't consider what Mrs P clearly wanted to do and it didn't assess the impact of that on Mrs P. None of the information given to Mrs P at this time provided her with the correct information about her claim, or then permitted her policy to be re-worked and put back close to what she had originally agreed and accepted.

This clearly caused Mrs P substantial distress adding to her own health distress at this particular time too. Therefore, I do consider the compensation paid to Mrs P of £50 at this time and for this part of her complaint isn't adequate. It's not in line with our approach on such matters and it's not in line with the issues raised by the Consumer Duty also. I agree with the investigator that raising this to a total of £250 is fairer and more reasonable and also more in line with our approach. Notwithstanding the compensation offered and accepted by Mrs P in the second complaint either. To reiterate this is only for the complaint points up to 17 November 2023.

My final decision

So, for these reasons, it's my final decision that I'm upholding this complaint.

I now require Advantage Insurance Company Limited to pay Mrs P another £200 compensation for the distress and upset caused up to 17 November 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 8 July 2024.

Rona Doyle
Ombudsman