

The complaint

Mr J has complained about his car insurer Advantage Insurance Company Limited regarding its handling of a claim made against his policy by a third-party and its refusal to offer renewal of the policy.

What happened

Advantage was notified by a third-party of an incident allegedly involving Mr J's car. When Mr J denied involvement Advantage challenged the claim. The third-party subsequently named the driver as someone covered by Mr J's policy to use the car. Advantage still challenged the claim on the basis of no visible damage having occurred.

Mr J's policy was due to renew in February 2024 and by January 2024 the claim was still unresolved. Advantage wanted its own engineers to assess the third-party's car and began arranging that. In the meantime, it told Mr J that it wouldn't be offering to renew his policy. Mr J found cover elsewhere but was unhappy as felt it was more expensive than what he would have had to pay Advantage.

When Mr J complained to the Financial Ombudsman Service, our Investigator asked Advantage to show us its underwriting and pricing criteria – this to ensure Mr J had been treated as all others would have been in his situation. Advantage did not provide the information requested.

Our Investigator noted that Mr J had been able to find alternate cover – and he wasn't persuaded any cover that might have been available with Advantage would have cost less. But he felt there'd been some aggravation caused for Mr J, which Advantage hadn't shown had been only an unfortunate side-effect of it treating him fairly (as it would have all others). So he said it should pay Mr J £50 compensation. Regarding the claim itself, he felt Advantage had handled that reasonably.

Mr J didn't comment on the findings. Advantage said it disagreed that compensation was due. But it didn't provide any evidence. Our Investigator referred the complaint for review by an Ombudsman. He advised both parties they had until 25 July to make any final comments or provide any further evidence. Nothing else was received from either party.

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 find I agree with our Investigator. I'm satisfied that Advantage dealt with the claim in a reasonable manner but it hasn't shown it handled the renewal fairly.

Advantage was notified of an incident in May 2023. It had to investigate that and I can see that Mr J engaged with its enquiries. I can see that Advantage moved things on as and when it could and I think that it made reasonable responses to the third-party. I see that in October 2023 the third-party maintained its claim and issued formal notice of their intention

to proceed to court. I can see that Advantage still wasn't minded to accept liability and that it wanted input from its own expert engineer. I think that was reasonable.

Clearly it's unfortunate that this claim has carried on for so long. But I don't think Advantage has caused that by handling matters in an unfair and/or unreasonable manner.

I don't know – because Advantage hasn't provided any renewal assessment details – if the open claim impacted Advantage's decision to not offer renewal to Mr J. It may have done. It may also have impacted the choice and cost Mr J was offered when he had to shop elsewhere. As the policy was renewing it was up to Advantage to decide whether or not to offer renewal. And I'm pleased to see that, in a letter to Mr J, Advantage explained that it not offering renewal is not the same as him having had a policy refused by an insurer. But changing cover whilst a claim is on-going can be more difficult and it's not fair for an insurer, without good reason, to knowingly leave their policyholder in a more difficult position.

Currently, despite having been given an opportunity to do so, Advantage hasn't shown that it had a good reason to not offer renewal to Mr J. Its letter to Mr J suggests that the risk he presents wasn't appealing to it – which might have been due to a number of things, not necessarily this claim. It's understandable that Advantage couldn't be more specific with Mr J about this – but it could and should be able to show a good, specific reason/reasons to this Service, backed up by pricing and/or underwriting evidence. It hasn't done so.

As Advantage hasn't done that here, I think it's reasonable that I make it compensate Mr J for the time he spent finding alternate cover. I'm satisfied that £50 compensation is fair and reasonable in the circumstances.

My final decision

I uphold this complaint and require Advantage Insurance Company Limited to pay Mr J £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 26 August 2024.

Fiona Robinson
Ombudsman