

The complaint

Mr G complains about how Markerstudy Insurance Company Limited handled a claim made on his motor insurance policy. He's unhappy with the lack of updates, delays in settling and closing the claim, and delays in returning his policy excess and issuing proof of his No Claims Bonus (NCB). He wants £1,000 compensation for his distress and inconvenience.

What happened

Mr G was involved in an incident with another driver and both insurers held the other party liable. The matter was settled two years later and Markerstudy then recovered its losses. Markerstudy then wrote to Mr G, but at the wrong address, and he didn't receive his proof of NCB until three months later.

Markerstudy paid Mr G £125 compensation for the lack of updates. After the complaint came to us, Markerstudy offered Mr G £100 further compensation for not issuing the proof of NCB earlier and £125 compensation for the delay in returning Mr G's policy excess. But Mr G remained unhappy.

Our Investigator recommended that the policy should be upheld. She thought Markerstudy hadn't caused any avoidable delays in the claim. She thought its offer of £125 for the impact of the lack of updates was fair. She thought its offer of £100 compensation for the delay in issuing the NCB proof was fair and reasonable. And she thought £125 compensation for about two weeks' delay in issuing the policy excess was more than we'd expect. So she thought Markerstudy's offer of £350 compensation was fair and reasonable.

Mr G replied that the delay in issuing his proof of NCB to his broker made it null and void as it was over two years' old. He thought Markerstudy's delay had left him out of pocket because of this.

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 can understand that Mr G felt frustrated with the length of time it took to settle and close his claim as non-fault with his NCB allowed. Markerstudy has a duty to deal with claims fairly and promptly. So, like the Investigator, I've looked at the claim journey to see if Markerstudy caused any avoidable delays in progressing and settling the claim.

From Markerstudy's file, I can see that it dealt with the total loss of Mr G's car promptly and offered him a settlement for its pre-loss market value, less the policy excess. Markerstudy thought Mr G wasn't at fault and so it tried to recover its outlay from the other insurer. But this insurer held Mr G liable, and so Markerstudy passed the claim to its legal partner to progress.

There were then delays in the claim, but I don't think these were due to Markerstudy's actions as the other insurer was slow to respond and progress the repayment of the outlay. And I can't reasonably hold it responsible for this. But Markerstudy did agree that it hadn't kept Mr G sufficiently updated, and it paid him £125 compensation for this. I think that was fair and reasonable for the impact the error caused.

It took two years for Markerstudy's legal team to win the dispute with the other insurer, and it repaid Markerstudy's outlay. Then Markerstudy's legal team wrote to Mr G to tell him it had recovered his excess. Mr G replied that he'd moved address, but Markerstudy didn't have his new address. It thought its letter to tell him that it was going to recover its outlay and allow his NCB didn't reach him. But, from what Mr G has told us, he did receive this letter as his post was redirected. But Mr G wanted Markerstudy to tell his broker his NCB entitlement.

Markerstudy offered Mr G £100 for the delay of less than two weeks in refunding his policy excess. This is more than we'd usually expect, so I can't say it's unfair or unreasonable.

I can see that Markerstudy provided a letter to Mr G's broker stating that he had two years' NCB. But this was for the period up to March 2022 and the letter was dated more than two years later. Mr G has implied that if he'd received the proof of NCB from Markerstudy earlier then he could have used it for a new policy. But his new insurer wouldn't accept the NCB proof as it had expired after two years. Mr G said this had cost him £1,000 in quotes for increased premiums.

I can see that Mr G emailed and called Markerstudy asking for proof of his NCB and a refund of his excess after he had been told by the legal team that it had recovered his excess. Markerstudy replied that it would refund his excess and allow his NCB when it received the recovered outlay from its legal team. It advised Mr G to request a letter of proof of his NCB from his broker.

The letter Markerstudy then wrote to Mr G's broker stated that Mr G had zero years NCB. And I think this was then correct as Markerstudy had yet to receive payment of its recovered outlay from its legal team. And I think Markerstudy explained this to Mr G.

The next contact I can see from Mr G was two months later. He called Markerstudy asking for a letter stating that the claim was settled as non-fault and his NCB allowed. And Markerstudy then wrote to him the same day providing the letter he requested. But Mr G said the letter needed to go to his broker. And Markerstudy sent this eight days later.

Markerstudy agreed that it should have told Mr G's broker that his NCB had been allowed as soon as it had recovered its outlay, in February 2024. And, after his complaint came to us, it offered Mr G £100 compensation for this delay.

Mr G thought this delay had caused him a loss as the two year limit on his NCB had expired and his new insurer wouldn't apply it to his new policy. But, from the call with his new insurer that Mr G provided, it declined to accept his proof of NCB not because it had been received too late, but because he hadn't held insurance in his own name in the last two years and the previous NCB had expired.

During the intervening period, Mr G said he was a named driver on his late mother's policy. And so he wouldn't have earned further NCB as the policy wasn't in his own name. I think this is standard industry practice.

I can understand Mr G's frustration and I agree that Markerstudy should have sent the proof of NCB to his broker earlier than it did. And I've thought about what might have happened if it had done this. Mr G may have taken out new insurance in his own name and been able to use his previous NCB to reduce his premiums if he had taken out cover before this expired.

But, from what Mr G has told us, he didn't do this even though he knew that his NCB had been allowed. I can't say Markerstudy was responsible for Mr G not taking out new cover earlier. And so I can't hold it responsible for the loss of his NCB or the effect this had on his premiums.

Putting things right

I require Markerstudy Insurance Company Limited to pay Mr G £350 in total compensation for the distress and inconvenience caused by its handling of his claim, as it's already agreed to do.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Markerstudy Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 29 October 2024.

Phillip Berechree
Ombudsman