

## **The complaint**

Mr E complained about how Action 365 Ltd, his insurance broker, dealt with changes to his no claims discount under his motor insurance policy.

## **What happened**

Mr E took out his policy via Action 365, a broker, in September 2021. At that time, Action 365 understood that Mr E had a zero no claims discount (NCD) according to his previous brokers. This was because Mr E still had an open claim then due to an incident in April 2021. I'll call this "the April 2021 claim". As an open claim it was treated as if it had been Mr E's fault. The insurance company underwriting Mr E's policy would have calculated Mr E's premium on that basis.

In December 2023 Mr E's previous brokers told Mr E that they had now settled the April 2021 claim. They had decided that it was not Mr E's fault and they had closed the claim. Because of this, Mr E's previous brokers reinstated Mr E's NCD with them, changing it from zero years to three years.

Mr E told Action 365 about this and asked them to look again at what his premium would have been if, when he took out his policy via Action 365 then in 2021, his NCD had been three years rather than zero. Action 365 did that, by asking the insurer of Mr E's policy to recalculate what his premium would have been. The insurer did that and refunded Mr E about £131. Action 365 also gave Mr E a revised NCD letter to give future insurers. Mr E wasn't happy with Action 365's actions.

The investigator thought Action 365 hadn't treated Mr E unfairly. Mr E didn't agree and so I've been asked 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.

When in 2021 Mr E took out his policy via Action 365, there was a recent open claim from April 2021 against Mr E.

An open claim means that liability for the claim still hasn't been established. It's standard motor insurance practice for an open claim to be recorded as a fault claim against the insured person even if the insured person wasn't at fault, and we don't think that is unreasonable. If an open claim is finally settled as not being the insured person's fault, that person can then approach their insurer and ask for them to recalculate the premium based on the claim having been recorded as non-fault from the policy start. The insured person may then get a refund on the extra premium they paid due to the open claim.

That's what Mr E tried to do when in about December 2023 he heard from his previous brokers about the April 2021 claim. The previous brokers told Mr E they had just then settled the April 2021 claim, having decided that it wasn't Mr E's fault.

Mr E passed that information on to Action 365. I can see from Action 365's file that they acted on that information promptly. They checked with Mr E's previous broker that they had indeed settled Mr E's April 2021 claim as being not Mr E's fault. They then asked the insurer of Mr E's policy in 2021 to recalculate the premium Mr E had paid then. This was to adjust it to reflect Mr E's claims history, which was that the April 2021 claim, which in 2021 had been rightly treated as a fault claim, was now a no-fault claim.

Mr E's insurer did that re-adjustment and refunded Mr E the sum of about £131. That amount was determined by Mr E's insurer of his 2021 policy and Action 365 aren't responsible for that amount. I can't comment on that insurer's actions because this complaint is about Action 365. I'm not looking at the actions of Mr E's new broker after Action 365 either. I'm looking only at Action 365's actions here.

In 2022 Mr E left Action 365 and, via a new broker, took out an alternative policy with a new insurer. But by then he had accrued one year's NCD on his 2021 policy through Action 365. So for the benefit of Mr E's future insurance, Action 365 issued Mr E a revised NCD letter showing his new adjusted NCD at the date Mr E's policy via Action 365 ended. This showed his revised NCD as a total of four years, being three years at the previous broker, plus one year with Action 365. I think that was fair of Action 365.

I do see that Mr E has found the situation frustrating, But I think that Action 365 acted correctly on the information they had about Mr E's previous claims when he took out the policy in 2021. Action 365 continued to act correctly soon after they found out in December 2023 about Mr E's previous brokers having recently closed Mr E's April 2021 claim as not Mr E's fault. That was the first Action 365 knew of that outcome. Action 365 asked Mr E's then insurer to recalculate the premium to reflect that outcome. And they adjusted his NCD promptly and gave him a new NCD letter showing that. This means that Action 365 have acted reasonably and so I don't require them to do anything else.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 18 November 2024.



Rosslyn Scott  
**Ombudsman**