

The complaint

Mr M complains about the renewal quote for his motor insurance policy offered by Liverpool Victoria Insurance Company Limited (LV). He thinks that the No Claims Discount (NCD) protection offered may have been mis-sold.

What happened

Mr M's policy with LV was due for renewal. Mr M had 9+ years of no claims. And he thought this entitled him to 80% NCD. Mr M calculated this as an 80% reduction in the premium for the policy and he said this wasn't the discount he received, and he could find cheaper online quotes. He thought LV's stated 80% discount encouraged take up of NCD protection.

LV said Mr M's online comparisons weren't like for like. LV said the full premium was confidential and it applied the NCD discount not to the final premium, but at various stages of the quote process. But Mr M thought this lacked transparency and he wanted clear and accurate information about how the 80% discount was calculated.

Our Investigator didn't recommend that the complaint should be upheld. She thought the NCD reduction had been applied at various steps of the quote process rather than to the total premium. And she thought LV had done this correctly and treated Mr M the same as other consumers in his circumstances. So she thought LV hadn't treated Mr M unfairly or mis-sold the NCD protection and he was free to accept or reject its renewal quote.

Mr M replied that LV should state the cash discount or true percentage reduction of the full premium. He thought LV's statement that there was an 80% discount was misleading. He said he'd taken out NCD protection to protect an 80% discount, and he thought this was mis-selling. Mr M asked for an Ombudsman's review, so his complaint has come to me for a final decision.

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 M feels frustrated that he hasn't had the response from LV that he wanted. And I can understand that he wants to be well-informed about his renewal quote and to receive clear and transparent information.

The starting point of Mr M's enquiries was the NCD table in his renewal documents. This sets out the discounts applied to the number of NCD years achieved and states:

"The tables below show: (1) the average NCD awarded to our motor insurance policyholders last year according to their number of NCD years..."

So I think this is intended to be illustrative and does not say that Mr M's renewal offer is based on a specific 80% reduction of a premium. So I can't say that LV has misled Mr M when he thought he should receive an 80% discount of the base premium.

LV explained that the discount was applied not to the full premium for the policy, but at various stages of the quote process. It's not our role to tell an insurer how to price their

policies or what factors they should consider when calculating a risk. However we need to make sure the insurer is applying a fair and consistent approach to all consumers.

Insurers regularly update how they rate the risk of consumers. And their rates continually change. LV has provided us with confidential business sensitive information to explain how Mr M's premium was calculated at renewal. As our Investigator has explained, I can't share this with him, but I can assure him that we've checked it carefully.

I'm satisfied the renewal price Mr M was quoted was calculated correctly and all of LV's customers in his position will have been charged a similar premium. Mr M found different quotes for his policy on an online comparison site. But these weren't like for like and so I can't say they should be compared to his renewal quote.

LV's decision on how to rate its policies is its commercial decision. This doesn't break any relevant regulations and it's in keeping with standard industry practice. I can't see that LV has treated Mr M differently to any of its other customers. And this isn't something that I would normally interfere with as it is a legitimate exercise of its commercial judgement. And, as it's commercially sensitive, I can't require LV to share its pricing process with Mr M.

Mr M thought he may have been mis-sold NCD protection as he was led to believe that he was paying to protect an 80% discount of his premium. But NCD protection protects the number of NCD years, not the premium price, as explained in the renewal invitation. I think this is standard industry practice. And I can see that Mr M was free to decline NCD protection if he wished to. And so I don't think it was mis-sold.

LV encouraged Mr M to shop around if he thought he could obtain cheaper cover elsewhere. Mr M was free to accept or reject the renewal quote. And so I think LV fulfilled its responsibilities towards him and I don't require LV to do anything further.

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 M to accept or reject my decision before 10 February 2025.

Phillip Berechree
Ombudsman