

The complaint

Mrs F has complained about the way Hastings Insurance Services Limited, trading as Hastings Direct, has administered her motor insurance policy.

What happened

The circumstances aren't in dispute, so I'll summarise the main points:

- Mrs F took out a motor insurance policy through an insurance intermediary, Hastings, in December 2023. During the sale, she said she had 7 years no claims discount (NCD) and a corresponding discount was applied to the price of the policy.
- In April 2024, Hastings asked Mrs F for evidence of her NCD. She provided information which showed she'd earned 7 years of NCD – up to the expiry of a previous policy. Hastings said this was unacceptable as it hadn't been earned within 2 years of the policy start date.
- As a result, Hastings reduced the NCD, which increased the price. Mrs F cancelled the policy, rather than pay the increased price, as she found another provider willing to accept her NCD. Hastings charged around £160 to cancel the policy.
- Mrs F complained about what had happened. In summary, she said the sale process hadn't been clear that the NCD must have been earned within the last 2 years. It was only many months later, after difficult communication with Hastings, she discovered it considered her NCD was unacceptable. And, when that happened, she was charged for cancelling her policy. She also thought it unfair that another provider would accept her NCD when Hastings wouldn't.
- In response, Hastings said it didn't think it should have done anything differently.
- Our investigator thought Hastings had acted fairly and didn't think the complaint should be upheld. Mrs F disagreed, so the complaint has been passed to me.

My provisional decision

I recently issued a provisional decision in which I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There are a number of different points to consider, so I'll take each in turn.

What NCD should Hastings accept?

- Generally, I think each insurance provider is entitled to decide what NCD to accept, including things like what discount to offer for different NCD levels, what maximum

level to set – and in what circumstances to accept an NCD. An insurance provider can even decide not to offer an NCD at all.

- However, I would expect any insurance provider to be clear about what NCD it will accept, apply that approach consistently amongst all of its policyholders, and ensure key information about it is communicated during the sale process.
- As a result, I don't think Hastings is required to take the same NCD approach as the other insurance provider.
- In the policy wording, Hastings is clear an NCD must have been earned within the 'previous' 2 years. I think it's fair to say that means 2 years from the start of the policy. In this case, there's no doubt Mrs F's NCD wasn't earned within that time.
- So, in principle, Hastings wasn't required to accept Mrs F's 7 years NCD. However, I think the key point here is the clarity of the sale, and what impact that's had.

Was the sale clear?

- When selling a policy, Hastings is required, amongst other things, to provide information that's clear, fair and not misleading, so that Mrs F can make an informed decision about whether to buy the policy. That includes prominently highlighting information that's significant. I consider the price of the policy to be significant and, as NCD plays an important role in the price, I consider that's significant too.
- The policy was sold online, via a comparison website. Hastings doesn't think it's responsible for the questions asked, or surrounding guidance and information given, by the website. But I disagree.
- Hastings sold a policy through the website and the website isn't an independent intermediary. Whilst Hastings may not have specifically set the sales journey, including questions asked and guidance given, Hastings has nonetheless agreed to sell a policy by using the website's sales journey. So, in my view, that makes Hastings responsible for the sales journey Mrs F went through to buy this policy.
- Hastings has shown the website asked Mrs F: *"How many years of NCD do you have?"* She answered 7 and, taken literally, that was true – she had earned 7 years NCD with a previous provider by that time.
- Next to the question was an icon which, if hovered over, would generate an information box. Within that box, it said: *"Insurance providers usually only accept NCD that is less than 2 years old"*.
- I understand Mrs F didn't hover over the box, so she didn't see this information. And she was able to complete the sales journey without seeing this information. As a result, I'm not satisfied the information within the box formed part of her sales journey and isn't relevant in this case. But, even if it was, the word 'usually' would have left the position ambiguous anyway.
- After Mrs F bought the policy, Hastings sent her policy documents to confirm the sale. This included the policy schedule to summarise the key details, as well as the full policy wording. The latter included information about the NCD, as I set out above, but I don't consider that amounts to prominently highlighting it.

- The policy schedule prominently highlighted that Mrs F had 7 years NCD. It set out a table and accompanying information to explain what discount that gave her and how it would change in the event of a claim or claims. But it didn't set out what NCD Hastings would accept.
- Overall, this means that at no point during the sales journey was Mrs F told what NCD Hastings would accept. And she answered the NCD question she was asked accurately. So I'm not persuaded Mrs F could reasonably have been expected to know that Hastings wouldn't accept her NCD. As a result, I'm not satisfied Hastings sold the policy in a way that was clear, fair and not misleading.

What was the impact of that?

- The next step is for me to consider what impact the unfair sale had on Mrs F. That is, what would she likely have done had the sale been fair? And does that mean she's lost out as a result – financially or otherwise.
- When Mrs F discovered Hastings wouldn't accept her NCD, she found another provider who would. I think her main motivation for this was financial – reducing her 7 year NCD to 2, as Hastings did, led to a considerable price increase. And Mrs F was aware that this 5 year gap would lead to further price increases over the years as she rebuilt her NCD. She was able to avoid such increases by moving elsewhere.
- In my view, if the sale had been clear that Hastings wouldn't accept her NCD, Mrs F wouldn't have bought the policy – and would have gone elsewhere.
- In those circumstances, Mrs F would still have paid for insurance and likely at a similar cost to that she originally paid Hastings – which was around £65 per month. So I don't think she's lost out on this cost.
- However, she has lost out on any other costs she's had to pay over and above that, such as any additional insurance costs after the NCD was reduced and/or the cancellation fee and/or non-refundable fees for time after the cancellation.
- To put things right, Hastings should calculate what Mrs F would have paid for the policy, based on the original monthly cost, up to the date of cancellation. And then refund any additional amounts she was charged.

Other complaint points

- I'm satisfied Hastings was entitled to ask Mrs F for evidence of her NCD after the sale – and I don't think it was required to do so more promptly than it did.
- The documents I've seen from Hastings asking for NCD evidence are reasonably clear. But I understand subsequent communication with Hastings was less clear and straightforward – and would all have been avoided if the sale had been clear. As a result, I'm satisfied it would be fair for Hastings to pay compensation for distress and inconvenience caused to Mrs F. In the circumstances, I consider £150 would be fair and reasonable.

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.

- In response to my provisional decision, Hastings provided further information about the sales journey. It showed that after Mrs F selected the policy on the comparison website, she was directed to Hastings' own website to complete the sale. And, at that point, Hastings clarified the NCD had to have been earned in the last two years. So Hastings argues it did highlight this point during the sale and that means Mrs F ought to have been aware of it before she committed to buying the policy.
- Hastings' further sales journey information and argument was shared with Mrs F. She didn't respond to that, or the provisional decision.
- Based on this new information provided by Hastings, I'm now satisfied it highlighted during the sale that it wouldn't accept Mrs F's NCD. Because of that, I'm satisfied it sold the policy in a way that was clear, fair and not misleading.
- As a result, I don't think it's responsible for any of Mrs F's financial costs. And it means much of the distress and inconvenience she suffered during communication with Hastings was unavoidable and arose because it wouldn't accept her NCD – which, for the reasons given before, it was entitled not to. Whilst Hastings could have been clearer and more straightforward when communicating with Mrs F, I don't think it materially added to her distress and inconvenience. So I won't require Hastings to pay her compensation.
- Overall, I'm satisfied Hastings acted fairly and reasonably and I won't require it to take any further action.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 23 December 2024.

James Neville
Ombudsman