

The complaint

Mr H complains that Advantage Insurance Company Limited provided poor service when he made a claim under his motor insurance policy.

What happened

In October 2023 Mr H was involved in an accident and he made a claim on the motor insurance policy he had with Advantage. In January 2024 he told Advantage he'd given his car back to the dealer and he wanted to cancel his policy. Advantage explained that as there was an open claim on the policy and liability hadn't yet been established, Mr H would owe the full premium unless or until it was found to be a non-fault claim. But it said it could put the balance of the premium on hold until it knew the status of the claim. Mr H agreed to that, but Advantage made a mistake and failed to put the premium on hold.

In March 2024 Advantage told Mr H that liability had been established and the full outlay had been paid by the third-party insurer. His claim was registered as non-fault and so Mr H didn't need to pay for the remaining balance of the premium accrued following cancellation. In the meantime, however, Advantage had sent letters to Mr H chasing the outstanding balance and, when he didn't make the payment, it had passed the matter to a debt collection agency. This information was passed to credit reference agencies and Mr H said it showed on his credit record as missed payments and a debt owed. So, he complained.

Advantage accepted there had been some miscommunication and apologised for the inconvenience caused. It offered Mr H £200 for that inconvenience and said it would correct his credit score if he provided a dispute reference number from the credit reference agency. Mr H wasn't happy with this outcome and so brought his complaint to this service.

Our investigator didn't think Advantage had done enough to put matters right. She noted that Advantage had taken action to put matters right by paying Mr H £200 for the inconvenience caused, writing off the balance of £27.78 on his account and explaining how it could correct his credit file. But she thought Advantage should also pay Mr H a further £100 to put things right.

Advantage agreed but Mr H didn't, so his complaint has been passed to me to make 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.

There's no dispute about what's happened in this case. Advantage accept it made a mistake by saying it would put a hold on Mr H's policy but then failing to do that. This culminated in Advantage passing the debt to a debt collection agency and Mr H's credit record being amended to reflect that. The mistake was then compounded when Advantage failed to take any action to rectify matters when Mr H's claim was recorded as non-fault.

The outstanding question in this case then is whether or not Advantage has done enough to put things right for Mr H in light of the impact those mistakes had on him. So, what was that impact? Mr H said he had to spend time trying to resolve the matter initially. He said he received several letters and a number of telephone calls. And I can understand his worry and frustration when he found out the balance on his account had been passed to a debt collection agency, despite his attempts to sort things out with Advantage.

Mr H also said the late payment marker had a huge impact on his credit score and his credit worthiness. He said he had a few applications for credit turned down, although he accepts he can't prove that was due to this issue with Advantage. He was also frustrated that Advantage said he needed to contact the credit reference agency to get the marker removed.

I recognise that Mr H's credit record was not showing the correct information for a period of time but I don't think it would be fair to ask Advantage to pay compensation without some evidence that this had an impact on him. And Mr H accepts he can't show that.

I can also understand Mr H's frustration that Advantage said it couldn't correct the credit record until he approached the credit reference agency and raised a dispute. But I don't think that was unreasonable in the circumstances. Advantage needed a dispute reference number before it could amend his credit file. And when Mr H raised a dispute with the credit reference agency, it removed the adverse markers. Advantage has said it will ensure those markers stay removed, which is what I would expect.

I would also expect Advantage to compensate Mr H for the distress and inconvenience it's caused. It's already given Mr H £200. Our investigator thought £300 better reflected the impact it caused and, on balance, I think that amount is fair in the circumstances. I recognise Mr H doesn't agree and thinks a larger compensation award would be more appropriate but I'm satisfied a total amount of £300 recognises the inconvenience, the stress and the wasted time that's been caused.

Advantage has also written off the small balance that remained on Mr H's account and taken action to correct his credit file. Taken together, and in light of the particular circumstances of this complaint, I think this provides a fair and reasonable way of resolving Mr H's justified complaint.

My final decision

In light of the above, my final decision is that Advantage Insurance Company Limited should pay Mr H a further £100 on top of the £200 it has already paid him for the poor service I've set out above. It should also ensure Mr H's credit file is amended to show he didn't miss any payments or owe any balance on his account from the date his claim was closed in March 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 March 2025.

Richard Walker
Ombudsman