

The complaint

Mr S complains that Aioi Nissay Dowa Insurance UK Limited (“ANDI”) mishandled his motor insurance policy.

What happened

The subject matter of the insurance is a saloon car, first registered in 2014. Mr S acquired the car in about 2015.

In early 2023, Mr S had the car insured with an insurer other than ANDI. Unfortunately, in March 2023, he was involved in an incident with his car and a third party’s vehicle. Mr S made a claim which his insurer later recorded as a claim with liability split between Mr S and the third party.

For the year from 7 July 2023, Mr S took out a policy with ANDI. He had ten years’ no claims discount (“NCD”), which was “protected”. The premium was about £590.00.

On 8 July 2023, Mr S made a claim on the new policy. ANDI recorded that as a fault claim against Mr S.

In mid- June 2024, ANDI issued renewal documents quoting a premium of about £2,600.00. That was based on a reduced NCD of four years.

On about 18 June 2024, Mr S complained to ANDI.

On about 3 July 2024, ANDI quoted a revised premium of about £1,100.00 based on ten years’ NCD.

By a final response dated 10 August 2024, ANDI apologised that it had incorrectly “stepped back” the NCD from ten years to four. It had corrected that. It offered Mr S compensation of £75.00.

Mr S brought his complaint to us in mid-August 2024.

On about 23 October 2024, ANDI increased the offer of compensation to £150.00.

Our investigator recommended that the way ANDI resolved the issue and had offered to resolve the complaint was fair.

ANDI accepted the investigator’s opinion.

Mr S disagreed with the investigator’s opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- ANDI didn’t give him enough time to insure his car with another insurer.
- ANDI corrected the NCD just two days before the renewal date.

- ANDI gave him stress.

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.

The March 2023 split liability claim would count as a fault claim against Mr S. It would've affected his NCD, unless it was protected. As Mr S had ten years NCD at the end of his previous policy in July 2023, I think that policy must've protected his NCD.

ANDI's policy protected the NCD. The policy terms gave details of that in a table. It also included the following:

“Note: Customers are ineligible for No Claim Discount protection if they have had two or more fault claims within the past two years.”

By July 2024, Mr S had had two fault claims in the previous two years. So Mr S would no longer be eligible for protected NCD (so any further claim would affect his NCD).

However, I think that the NCD table meant that the two claims shouldn't have affected his NCD on renewal. ANDI accepts that it made an error in stepping back the NCD. I don't condone that.

ANDI's error caused the premium to be higher than it should've been. And that caused Mr S some upset about the proposed cost. The error also caused him some inconvenience in having to make multiple calls to ANDI. ANDI's error also had the impact that, when he tried to shop around, Mr S couldn't be confident that ANDI would provide proof of ten years' NCD for him to show to a new insurer.

Notwithstanding what it said in earlier calls, ANDI corrected its error before the renewal date.

I know that Mr S still wasn't happy with the revised premium. However, different insurers assess risk and set premiums in different ways at different times. It's not my role to tell ANDI how it should do that.

Most insurers say that any past claim – and more so a fault claim – would increase the risk of a future claim and tend to increase the premium. Most insurers would say that Mr S's two claims would affect his premium, even though they didn't affect his NCD.

I'm satisfied that ANDI calculated the premium correctly and in the same way as it would've done for any other policyholder in Mr S's circumstances. So I don't consider that ANDI treated Mr S unfairly by its revised premium.

In any event, Mr S didn't have to renew with ANDI. There was a period of a few days after ANDI corrected its error on about 3 July 2024 and before the renewal date of 7 July 2024. That allowed a final opportunity for Mr S to shop around and change insurers. Instead, he agreed on about 5 July 2024 to renew with ANDI.

Putting things right

I've noted ANDI's error over NCD and I've weighed up its impact on Mr S. I keep in mind that ANDI put right its error (and mitigated its impact) before its final response. ANDI also offered compensation, although I don't consider that £75.00 was enough.

I'm satisfied that the increased offer of £150.00 is fair and reasonable and in line with our published guidelines on assessing compensation for distress and inconvenience. So I conclude that it's fair and reasonable to uphold this complaint in part and to direct ANDI to pay Mr S (insofar as it hasn't already paid him) £150.00 for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Aioi Nissay Dowa Insurance UK Limited to pay Mr S (insofar as it hasn't already paid him) £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 April 2025.

Christopher Gilbert
Ombudsman