

## **The complaint**

Mr A has complained that Tesco failed to transfer one year's No Claims Discount (NCD) when he bought a car insurance policy with it.

## **What happened**

Mr A bought a car insurance policy with Tesco in November 2023. As the renewal date approached, Mr A shopped around online and found a quote for a policy, also with Tesco.

At the end of September 2024 Mr A called Tesco to discuss the quote and discuss his NCD. He bought a policy to start in September 2024 and Tesco cancelled his existing one.

Tesco didn't transfer one year's NCD to the new policy. Mr A believed Tesco would do this. So he raised a complaint.

Tesco agreed it had provided incorrect information to Mr A in a key call. But it said it couldn't allow him a full year's NCD as the previous policy had cancelled before a full year. So it said it would waive the extra amount it said Mr A owed due to have no NCD.

Mr A pointed out that – had Tesco provided the correct information in the call – he wouldn't have cancelled the existing policy and would have earned a full year's NCD. So the balance Tesco waived wouldn't be a sum he would have owed under a new policy.

One of our Investigators recommended Tesco add a full year's NCD to Mr A's policy from the end of September 2024 and pay him £100 compensation for the distress and inconvenience caused.

Tesco reviewed the key call again and changed its decision. It said it no longer upheld the complaint.

Our Investigator listened to the call and thought that – while Mr A's request about his NCD wasn't as clear as it could be – the onus was on Tesco to have explained or clarified with Mr A when he asked twice about the NCD. Tesco says it understood Mr A to have asked about cancelling his NCD. Our Investigator said that it wasn't plausible that this was Mr A's intention as it is in direct contradiction to his complaint, which has been consistent since the date he first contacted Tesco about it. The Investigator explained that under new industry rules, it's for an insurer to ensure a customer is put in an informed position to make decisions in line with their needs and financial objectives.

So the Investigator maintained his view.

Mr A accepted the Investigator's view. Tesco didn't agree. It says this service has perceived the call heavily in Mr A's favour. It says Mr A assumed he would transfer a full year's NCD to the new policy, but this isn't something its agent should have had to consider.

Tesco says Mr A is no worse off.

So the case has been passed to me 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.

The key parts of the call recording when Tesco cancelled Mr A's policy and set up a new one are when Mr A asked on three occasions: "*can I also get my no claims bonus*" later in the call, "*can you also send me my no claims bonus*" and at the end of the call, he asked for it again. If Mr A was under the impression his NCD was zero, there was no effective proof of NCD years earned to prove under a new policy.

On balance, given Mr A hadn't yet earned one year's NCD, I think it's unlikely his intention was to cancel the NCD year that he would have earned under the existing policy which was due to renew a few weeks later. I think the onus was on Tesco to explain to Mr A that if he cancelled his existing policy before the end of the year, he would lose a year's NCD.

I think on the balance of probabilities that if Tesco had been clearer in this call – or asked Mr A if it wasn't sure what he meant – Mr A would not have cancelled his existing policy with Tesco and would have waited until the renewal date, approximately six weeks later, to set up a new policy.

I don't agree with Tesco that by being clearer to enable Mr A to make an informed decision constitutes financial advice. It's clear from the call that the agent provided information about being dually insured, and about the cancellation charges, and so I think it's equally reasonable for the agent to have explained about the impact on Mr A's NCD by cancelling the policy rather than waiting until the renewal date. Under the industry rules, firms have a duty to give consumers the information they need at the right time to allow them to make informed decisions.

I disagree with Tesco that Mr A is no worse off. He effectively lost just under 11 months toward one year's earning of a NCD.

So I am upholding Mr A's complaint. And I agree with the Investigator's recommendation to put things right which I've set out below.

### **My final decision**

My final decision is that I uphold this complaint. I require Tesco Underwriting Limited to do the following:

- Adjust Mr A's policy to show one year's NCD and provide a letter confirming the same from the start date of the replacement policy in September 2024.
- Pay Mr A £100 compensation for the distress and inconvenience caused.

Tesco Underwriting Limited must pay the compensation within 28 days of the date on which we tell it Mr A accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Tesco Underwriting Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 April 2025.

Geraldine Newbold  
**Ombudsman**