

The complaint

Mr T complains that Acromas Insurance Company Limited (Acromas) reduced his No Claims Discount (NCD) entitlement following a fault claim made on his motor insurance policy.

What happened

Mr T took out a motor insurance policy with Acromas in May 2023 with 13 years NCD. He said he chose not to protect his NCD as he accepted that he may lose a couple of years entitlement in the event of a claim. Mr T subsequently made a claim through his policy following a wild deer colliding with his car and Acromas reduced his NCD down to three years total.

Mr T felt this was unfair and complained. He said the loss of ten years NCD was unreasonable, and he always understood he would only lose around two years in the event of a claim. He said the call handler at Acromas couldn't properly explain the structure of the NCD table in his policy – and this was further evidence that it wasn't clear.

Acromas considered the complaint but didn't uphold it. They said Mr T had chosen not to protect his NCD when he took out the policy. And they said the information provided at inception as well as the policy documents outlined that if a customer has more than five years' NCD and has one claim in a 12-month period, this would reduce it to three years.

Mr T remained unhappy with Acromas' response, so he brought the complaint to this Service. He said the Financial Ombudsman Service website outlined that it's usual for insurers to reduce NCD by two years in the event of a claim and Acromas were not following industry practice.

An Investigator looked at what had happened but ultimately didn't think the complaint should be upheld. He said reducing an NCD by more than two years following a fault claim wasn't generally unfair – provided this information was made clear to a consumer at the point of sale and within their policy documents to allow them to make an informed decision. And he was satisfied the information provided during the sale process outlined the impact not protecting NCD would have in the event of a claim.

Mr T didn't agree with the Investigator's recommended outcome. He said that if the sales process had been clearer to explain that, in the event of a claim he would lose ten years of a total 13 years NCD, he would have either considered taking out protection, or chosen another insurance company.

Mr T asked for an Ombudsman to consider the complaint, so it's been passed to me 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.

Having done so, I've decided not to uphold this complaint. I appreciate this will be disappointing to Mr T – so I'll explain why.

This service thinks it's important that the key terms of a policy are clearly set out when a policy is purchased. The relevant rules say that Acromas was obliged to provide Mr T with information that was clear, fair, and not misleading, in line with their obligations under the FCA Handbook, and the Insurance Code of Business Sourcebook (ICOBS). So, this means I need to consider whether I'm satisfied Acromas provided enough information on how a claim would affect Mr T's total NCD entitlement when he took out the policy.

Acromas have provided a copy of the claims journey for this policy. A customer is asked how many years NCD they have earned and are given a drop-down box to record the total answer. Protecting that NCD is then offered as an additional extra – and the box to add this says: *"Please ensure that you read the important information about protected NCD"*.

If a customer clicks on this option, they are provided with the following information:

"Protected No Claims Discount allows you to make one or more claims before your number of no claims discount years falls. Please see the step back procedures for details."

Acromas says that the drop-down scale is bespoke to the customer, so as Mr T had declared his total NCD of 13 years, his table would have shown that in the event of one claim in a 12-month period, his entitlement would drop down to three years.

I consider this to be clear and in line with Acromas' duties to provide information that is clear, fair, and not misleading. And I think they did enough to explain how a claim would affect a customer's NCD and what the benefits of protecting this were. While I can see Mr T has said he spoke to a call handler at Acromas who had difficulty explaining the policy's NCD table to him over the phone – I don't consider this to be an example of the information given at the time of sale to be unclear in any way.

It's not in dispute that Mr T chose not to protect his NCD. He says this was because he accepted that his total NCD may reduce in the event of a claim. But he says he didn't realise it would reduce so drastically. However, there's nothing to suggest Acromas led Mr T to believe his NCD entitlement would only reduce by 2 years in the event of a claim.

I sincerely appreciate how frustrating this situation would be for Mr T – but ultimately, it appears that he didn't read the additional information provided when he took out the policy. And it may be that this was due in part to his own understanding of how insurers treat a claim for NCD purposes. Mr T has pointed out that the Financial Ombudsman Service's website says that NCD is reduced in the event of a claim by 2 years. But I should make it clear that the website says this is "normally" 2 years – and that *"insurers should explain in their policy how any reduction in no-claims bonus would be applied."*

I find that the reduction of Mr T's NCD entitlement was done fairly, and in line with the policy's terms and conditions. This information was clearly set out at the time of sale, and it follows that I can't fairly conclude Acromas has acted unreasonably here or treated Mr T any differently to any other customer.

Additionally, Acromas has provided examples from other major insurers which show a similar approach to NCD reduction in the event of a claim. And this means I'm satisfied that Acromas has also acted and within general industry practice.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 April 2025.

Stephen Howard
Ombudsman