

The complaint

Mr W complains that Advantage Insurance Company Limited (“Advantage”) unfairly reduced his no-claims discount under his motor insurance policy.

What happened

Mr W says when he took out his insurance with Advantage he understood his no-claims discount (NCD) would reduce by four years in the event of a fault claim. But after a fault claim occurred the business reduced his NCD from 18 to four years. He says the policy terms are misleading. Mr W says he was left with no time to seek alternative cover due to delays in Advantage dealing with his complaint.

Mr W wants Advantage to compensate him with £350 for his increased insurance premium, and £100 compensation.

In its final complaint response Advantage says Mr W didn’t protect his NCD. It says its policy terms are clear and show it amended Mr W’s NCD correctly following a fault claim in May 2024. It didn’t agree to provide compensation or pay an amount to reflect the increased insurance premium.

Mr W didn’t think he’d been treated fairly and referred the matter to our service. Our investigator didn’t uphold his complaint. She says the information sent to Mr W made clear that his NCD would be reduced to four years in the circumstances described. She didn’t think Advantage had treated him unfairly.

Mr W didn’t accept our investigator’s findings. The complaint has now 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.

Having done so I’m not upholding Mr W’s complaint. Let me explain.

The Financial Conduct Authority (FCA) Insurance Conduct of Business Sourcebook (ICOBS) requires insurers to communicate information clearly, fairly and without being misleading. I’ve focused on whether Advantage complied with this requirement when it communicated its policy terms and conditions to Mr W.

The welcome pack sent to Mr W dated 18 November 2023 includes a section headed “*How claims affect your no claims discount (NCD)*”. It states:

“You have not purchased NCD (no claims discount) protection and in the event of a claim your NCD will reduce in line with the table below. Please see section 9 of your car policy document for more details.”

The table referenced confirms Mr W has nine or more years NCD. To the right of this is the heading *"No claims discount at next renewal without NCD protection"*. Under the heading *"1 claim in the next 12 months"*, it says *"4 years"*.

I think this information is clearly set out. Mr W had in excess of nine years NCD. He was at fault for an accident in May 2024. So, his NCD was correctly reduced to four years. I can't see that Advantage behaved unfairly here.

The table discussed above, gives two further scenarios. If there are two claims in the next 12 months it confirms Mr W will have two years NCD. If there are three claims he will have zero NCD. I think it's clear from this information that the figures aren't showing the amount of years that will be removed. If it was the table wouldn't make sense. The table shows the NCD remaining in each of the scenarios.

I acknowledge Mr W's comments that he wasn't able to seek alternative cover for less. But I can't see that Advantage made a mistake. When he disputed the reduction in his NCD it responded to his complaint within two weeks to confirm its position. I think this was provided in a timely manner. It remains that Mr W was provided with clear information from the inception of his policy. This confirmed his NCD would reduce to four years. So, I don't think Advantage is responsible for Mr W potentially paying more for his insurance.

I've read the ombudsman decisions Mr W refers to in his submissions. I note what he says about these decisions highlighting the importance of clear communications. I agree with this point. As discussed earlier ICOBS requires clear communication. But I'm satisfied that Advantage did communicate clearly with Mr W. It confirmed what the impact of a fault claim on his NCD would be. So, I can't agree that it treated him unfairly.

In summary although I'm sorry Mr W is disappointed with the reduction in his NCD, I'm satisfied Advantage communicated this clearly. So, I don't uphold his complaint and I won't be asking it to pay compensation.

My final decision

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 W to accept or reject my decision before 19 May 2025.

Mike Waldron
Ombudsman