

The complaint

Mr C complains about how his insurer, U K Insurance Limited trading as Privilege (Privilege).handled his No Claims Discount (NCD) following a claim for a collision.

References to Privilege in this decision include their agents.

What happened

Mr C took out a motor insurance policy with Privilege in August 2023. In January 2024 his vehicle was involved with a collision with another vehicle. Mr C made a claim for the damage and Privilege approved repairs to his vehicle. Mr C paid the policy excess, and the repairs were completed in May 2024.

In July 2024 Privilege sent a renewal notice for the policy, in which the premium increased significantly from the previous year. Mr C asked Privilege why there had been such a significant increase and was told his No Claims Discount (NCD) had been reduced from full to three years. Mr C said his NCD was protected and shouldn't have been affected (by the claim). But Privilege said he hadn't taken out the option of NCD protection with his policy.

Mr C was certain that he selected the option (as it cost relatively little to add). When he looked into the matter further, what he thought happened was that in July 2023 he'd obtained a policy quote online but when he attempted to purchase the policy his vehicle registration number wasn't accepted. After several attempts, he phoned Privilege and was told the reason his registration number wasn't being accepted was that it was registered in the Isle of Man (not with the DVLA). Mr C was able to take out the policy over the phone, relying on what he was told by the call handler.

However, Mr C had a severe hearing impairment, making it difficult to communicate over the phone as he didn't always hear what the other person on a call was saying. Mr C thought the problem with his registration number led to the NCD protection option being removed from the policy. He thought that had he been able to take out his policy online he would have received NCD protection.

Unhappy at what happened and the loss of his full NCD, Mr C complained to Privilege.

In their final response, issued in August 2024, Privilege didn't uphold the complaint. They said they'd listened to the call when the policy was taken out. They said the issue with his vehicle registration number not being accepted online occurred when the vehicle was brand new or the registration not auto-populated from the motor database. Where that happened, the registration had to be entered manually by one of their sales team. Privilege said the call handler offered Mr C additional benefits that could be added to the policy, including NCD protection, which Mr C declined. The agent confirmed all the details with Mr C, who was happy to proceed, and payment was taken.

Mr C then complained to this Service. He set out what happened, saying the loss of his full NCD significantly increased the cost of insurance (and would do so into the future). He didn't

think Privilege had addressed his complaint and he'd been penalised because he had a disability. He wanted Privilege to reinstate his full NCD.

After making his complaint, Mr C provided a copy of a letter he received from Privilege (in January 2025) in which they said they would be holding the named driver on his policy responsible for the incident, so would be recorded as a claim against his policy. But the letter also said that as Mr C had NCD protection, his NCD wouldn't be affected.

Our investigator didn't uphold the complaint, concluding Privilege didn't need to take any action. Based on listening to the call between Mr C and Privilege when the policy was taken out, the investigator concluded Mr C had heard and understood all the information provided and it was his choice not to take out NCD protection. The investigator also noted the policy documentation sent to Mr C, including the welcome letter, summarised the cover and that NCD protection wasn't included. The letter encouraged Mr C to check the information and contact Privilege if anything wasn't right or Mr C was unsure about the details.

So, the investigator concluded Privilege hadn't acted unfairly or unreasonably when the policy was taken out. As the policy didn't include NCD protection, they'd acted fairly when reducing Mr C's NCD entitlement following the claim.

Mr C disagreed with the investigator's view and asked that an ombudsman consider the complaint. He didn't think the investigator had considered his views and had only taken account of what Privilege had provided. That he appeared to reject the NCD protection option, which wouldn't have been in his interest, could only be due to his not hearing what was said and had been told. He said the key piece of evidence was the letter from Privilege in January 2025 stating his NCD was protected and wouldn't be affected by the claim.

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.

My role here is to decide whether Privilege have acted fairly towards Mr C. In doing so, I would assure Mr C that I've considered everything he has told us and provided in support of his complaint, including what he's said about his hearing impairment as well as the letter from Privilege in January 2025 after first bringing his complaint to this Service. I've also considered everything Privilege have said and provided. I've done so before coming to what I think is a fair and reasonable outcome to Mr C's complaint.

The key issue in Mr C's complaint is whether his policy included (or should have included) No Claims Discount (NCD) protection. Mr C says he opted for the protection and thought he had it. He also points to the more recent letter from Privilege that confirms he had NCD protection and therefore his NCD entitlement won't be affected by the claim made for the accident in January 2024, which Privilege deemed to be a fault claim against the policy. Privilege say Mr C was taken through the policy by their sales agent and declined the NCD Protection option. He also confirmed what the agent had told him about the policy and the options put to him.

Mr C took out his policy in August 2023, as new business with Privilege (it wasn't a renewal of an existing policy). As the policy had to be taken out over the phone, given the issue about Mr C being unable to input his vehicle registration number online (and its importance to the case) I've first listened carefully to the call recording where the policy was taken out.

The call handler locates the quote obtained by Mr C, by reference to the quoted price and then adds the vehicle registration number. The call handler tells Mr C the policy is

comprehensive, with guaranteed hire car plus and the premium. The agent notes Mr C has nine years plus NCD and asks whether he wants to protect his NCD, to which Mr C answers 'no'. The agent then tells Mr C it could be added to the policy at any point (at a cost of £29.17). The call handler notes the full policy information would be sent online, which Mr C should read and ensure the cover meets his needs. Mr C confirms he was happy to proceed on the basis of the information provided. Mr C raises an issue about the applicable rate of Insurance Premium Tax, which the call handler clarifies.

Taking the call as a whole, I don't think there's anything that's unclear about the policy and the terms, including that NCD protection isn't included. Mr C clearly confirms that he doesn't want the cover (or the optional motor legal protection and breakdown cover).

Mr C says his hearing impairment means he doesn't always hear what is being said to him, but from the call I don't hear any indication this is the case, or his telling the call handler about his impairment or that he hasn't heard any specific points (or not understood them). The call handler asks clear questions, to which Mr C provides clear answers. Mr C says that his appearing to reject the NCD protection option, which wouldn't have been in his interest, could only be due to his not hearing what was said and had been told. But this isn't how it comes across from the call recording – had he not heard something, or not heard it clearly, I would have expected him to say that to the call handler or ask them to repeat it. But neither is the case from the recording.

In any event, Mr C would have had the opportunity to check the policy details when he received the full policy documentation. So, I've looked at the policy documentation issued following the call. As new business – not a renewal – there's a welcome letter which includes a policy summary box on the front page. This includes the premium, start date, vehicle make/model and includes the cover. There are 'tick' symbols against 'Comprehensive' and 'Guaranteed Hire Car Plus' but 'cross' symbols against 'Protected No Claim Discount' (and 'Motor Legal Cover' and '[provider name] breakdown'). The 'ticks' indicate the first two are selected – but the latter three (including NCD protection) aren't selected. The second page of the letter includes a table breaking down the premium, including the 'Guaranteed Hire Car Plus' option (but no element for NCD protection). The letter asks Mr C to check the details of the policy carefully to make sure it's right for him, and to let them know if anything is wrong.

So, notwithstanding what happened when Mr C took out his policy and during the call with the call handler, the subsequent policy documentation should have made it clear that NCD protection hadn't been included. So, Mr C would have had the opportunity to contact Privilege and ask them to amend the policy to include NCD Protection.

I've also noted a letter from Privilege to Mr C in January 2024 which confirms his notification of the accident. It includes a paragraph headed 'How does my claim affect my No Claims Discount?' which states that as a result of the claim, the No Claims Discount will be affected at renewal (unless they find the other driver to be to blame and recover all their costs, in which case it will be reinstated).

Taking all these points together, I've concluded Privilege didn't act unfairly or unreasonably in issuing the policy not including NCD protection. Mr C had the opportunity, both during the call and when he subsequently received the policy documentation, to ensure the policy met his needs and include NCD protection but didn't do so.

I've also checked the policy booklet and it confirms that where there is a claim during a period and the policy doesn't include NCD protection, then under the 'step down' provisions, where there is one claim under a policy, where a policyholder has five years or more NCD at the start of the period of insurance, then at the next renewal the NCD entitlement will reduce

to three years. As this is what Privilege applied at the renewal of Mr C's policy in 2024, then I've concluded they reduced Mr C's NCD entitlement in line with the policy terms.

Mr C says that the letter from Privilege in January 2025 shows he did have NCD protection on his policy and that the claim wouldn't affect his entitlement. Which is contrary to the call recording, policy documentation and earlier letter in January 2024 that I've referred to above. Given the apparent contradiction, our investigator asked Privilege to explain the difference, to which they initially said they thought it was sent in error, as NCD wasn't attached to the policy. But they would check with their Claims Team.

But given the contradiction and the importance of the letter to Mr C's view he had NCD protection, I asked Privilege to provide a further, definitive response and explanation. They replied to say they reviewed the January 2025 letter to Mr C and could confirm it was sent in error. The letter should have confirmed – as per the letter sent in January 2024 – that Mr C's NCD wasn't protected and would therefore be affected by the claim (as previously explained to Mr C).

I've considered what Privilege have said and I've concluded it's reasonable. Errors can happen, and given what I've concluded from the original sales call, policy documentation issued with the policy and the letter in January 2024, then Mr C's policy didn't have NCD protection and therefore Privilege applied the policy terms and conditions when reducing his NCD entitlement following the claim. So, I won't be asking them to take any further action.

My final decision

For the reasons set out above, it's my final decision not to uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 May 2025.

Paul King
Ombudsman