

The complaint

Miss B complains that Advantage Insurance Company Limited recorded incorrect information on a motor insurance database, resulting in enforcement action by the DVLA.

Miss B's policy was sold and administered by a third-party company on Advantage's behalf and all of Miss B's correspondence was with this company. However, Advantage is the policy underwriter, so her complaint is against Advantage. Any reference to Advantage in my decision includes the policy administrator.

What happened

Miss B had a motor insurance policy with Advantage until she changed insurer in August 2023. In December 2024 and January 2025, she had a series of interactions with the DVLA relating to her car:

- 12 December. Her car was clamped on instruction from the DVLA. She paid £100 to have her car released. At the same time her direct debit for vehicle tax¹ was cancelled and she had to pay six months tax in advance.
- 9 January. She received a letter from the DVLA (dated 2 January) saying its records showed her car had been scrapped.
- 15 January. She received a £126 fine from the DVLA (dated 10 January) for non-payment of vehicle tax on 12 December 2024.

She spoke to the DVLA and discovered that her car had been classed as a Category B total loss following an accident in January 2023. This meant it wasn't allowed to be on the road and should have been scrapped. She called Advantage, her insurer at the time of the accident.

Advantage explained that one of its agents made a mistake following Miss B's accident in January 2023. The agent incorrectly recorded her car as a Category B total loss on the motor insurance database. He should have recorded it as Category N, meaning the car could be repaired and returned to the road. This misclassification prompted the DVLA action. Advantage apologised and offered Miss B £250. Miss B didn't accept this and complained to this service.

Following our involvement, Advantage increased its offer. It offered Miss B £400, agreed to refund her £100 clamping penalty (on proof of this charge), and reimburse £50 to replace a tyre that was damaged by the clamp. Our investigator thought this was fair.

Miss B didn't accept this, so the case was passed to me for my final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable

¹ Commonly known as road tax or car tax

in the circumstances of this complaint.

First, ombudsmen decisions are published so are written in a way that prevents the customer from being identified. Miss B has explained her personal circumstances to us. I'm very grateful to her for this but won't set them out in detail here. If I'm vague about them it's to keep Miss B from being identified, not because I've ignored them or think them irrelevant.

It isn't clear to me why the DVLA issued an instruction for Miss B's car to be clamped and cancelled her vehicle tax without warning, or why it did this almost two years after her accident. That seems odd given Miss B's car has been taxed and insured since her accident. I understand Miss B has complained to the DVLA about this.

Advantage has shown us the internal data log and claim notes for Miss B's January 2023 claim. This shows the misclassification of her car happened on 13 January 2023. While the data log shows several people viewed her file after the claim was settled, there's no record of any changes or evidence that a recent data breach prompted the DVLA action.

Advantage told us this type of admin error wouldn't be picked up unless the policyholder reported it. I understand that – and I know it isn't this service's role to order an insurer to change its processes – but given the serious consequences of such a simple error, I think it might be sensible if Advantage reviewed this.

Advantage's records show that it correctly reclassified Miss B's car on 10 February. It emailed her at 11.22am the same day to confirm this, and explained that it might take "24-48 hrs" for this to show correctly on DVLA records. The DVLA's 13 January email confirmed Miss B's application for vehicle tax was successful. So I'm satisfied this matter was resolved within four days of Miss B first calling Advantage on 9 January. However, I recognise that this left her in an uncertain position between 9 and 13 January.

There's no doubt this was a simple error by Advantage that had serious consequences. This was clearly a horrible situation for Miss B and she has my sympathy. She doesn't think Advantage's offer reflects the distress she suffered and continues to suffer. She set out how this has affected her, both emotionally and financially. In summary:

- It caused her embarrassment at work. Her employer provided a letter setting out the upset the clamping caused her, as well as the disruption while she dealt with it.
- She was forced to pay £240 on her credit card shortly before Christmas (the clamping penalty and vehicle tax).
- She suffered a loss of earnings because of the time she had to spend on complaints to Advantage and the DVLA. Miss B estimated this at over £1,300 in the six months to June 2025.
- A letter from a work support officer said Miss B was "*physically and emotionally unable to access additional hours of work that were on offer*" and "*presented differently*" at work.
- Her mental health suffered. A letter from her doctor indicated that she'd experienced "*stress and anxiety as a result of this [clamping] incident.*" She was worried about further DVLA action or being stopped by police for not having her car taxed.
- This affected her family life and the time she was able to devote to her son.
- She incurred additional costs, for example phone calls, medication, takeaway food, and printing.

I understand this. But I also have to consider what Miss B did to mitigate this.

She told us she called the DVLA on 12 December and was cut off before its agent told her why her car was clamped. She doesn't appear to have followed this up until she received the DVLA's 2 January letter. Given what happened from that point – the DVLA's explanation, her conversations with Advantage, Advantage's subsequent actions, taxing her car – I think it's likely this problem could have been sorted out much sooner, and probably by 16 December. This might have prevented the DVLA action in January 2025, and avoided much of the inconvenience and distress Miss B suffered.

I've thought carefully about Advantage's offer and what this service might award in similar circumstances. Having done so, I think it should increase it by £100. I also note that Miss B's January 2025 credit card statement shows a £100 payment to the DVLA. I'm satisfied that this is likely to be the clamping penalty and, in my opinion, is sufficient evidence of this charge. I think Advantage's offer to refund both the penalty charge and the cost of the new tyre is fair.

My final decision

My final decision is that I uphold this complaint and order Advantage Insurance Company Limited to pay Miss B:

- £500 to reflect the distress this incident caused her.
- £100 to refund the clamping penalty charge.
- £50 for the cost of a new tyre.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 2 October 2025.

Simon Begley
Ombudsman