

The complaint

Miss S complains about how Action 365 Ltd administered her motor insurance policy. She wants it to pay her the full amount of compensation it offered her and increase this to £350.

What happened

Miss S reported an incident to Action 365, and she later retracted this as an error. But Action 365 recorded a fault claim on Miss S's record and sent her confirmation of this. Miss S didn't then note or challenge this. She said the impact was that she couldn't get insurance in her own name and had to be a named driver on her partner's policy and use public transport for a year. This had stopped her accruing a year's No Claims Discount (NCD)

Action 365 agreed it had made a mistake, and it corrected Miss S's record. But Miss S received only half the compensation she had been promised. She was also unhappy that it hadn't fully compensated her for the impact of its error.

Our Investigator recommended that the complaint should be upheld in part. She thought Action 365 had made an error. But she thought Miss S could have challenged this when she received her NCD notification alerting her that a fault claim had been recorded. So she didn't think Action 365 was responsible for Miss S being a named driver on her partner's policy or using public transport.

But she thought Miss S had been put to unnecessary trouble and upset that warranted compensation. She thought Action 365's offer was fair and reasonable. And she thought Action 365 should send Miss S a cheque with the outstanding amount of compensation.

Action 365 agreed to do this. But Miss S replied that she had only found out that the fault claim had been recorded a year later and this left her no time to dispute it. She thought Action 365 should have done more to bring the fault claim to her attention at the time. And she thought it should offer further compensation for the impact this had on her. Miss S asked for an Ombudsman's review, so her complaint has come to me for a final decision.

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.

Miss S said she had been caused great inconvenience by Action 365's error. She said she had to be a named driver on her partner's policy as she couldn't afford cover in her own name due to the fault claim and so she lost a year's possible NCD. And she said she was worried about driving the car because it could be deemed fronting. And so she used public transport instead. I was sorry to hear about the trouble and upset she experienced.

Action 365 agreed that it hadn't updated Miss S's record when she called back to withdraw the claim. When a policy administrator makes an error, as I'm satisfied Action 365 has done here, we expect it to restore the consumer's position as far as it's possible to do so, and we expect it to compensate the consumer for the impact of the error.

I agree with Miss S that it would have been good service for Action 365 to have provided Miss S with details of the claim recorded against her at the time. But it didn't. And, to put

things right Action 365 has removed the claim from Miss S's record, and it sent Miss S a letter to confirm this and her updated NCD. I think that was fair and reasonable.

Miss S brought the mistake to Action 365's attention more than a year after the claim had been closed. She said she had to make multiple calls to get this corrected. Miss S said Action 365 took over two weeks to provide any response to her concern.

But I can see that Miss S firstly called her broker and an insurer who were unable to help. She was then directed to Action 365 where she was kept on hold for long periods or disconnected. And then it didn't provide a response until Miss S had chased it. I think this was poor service.

But once the problem had been drawn to Action 365's attention, from Action 365's records I can see that it took a week to investigate the concern and correct it. So I'm satisfied that Action 365 took prompt action to remedy the error when it was brought to its attention.

But Miss S had been caused trouble and upset in the meantime. Action 365 offered her £200 compensation for this. And I think that's fair and reasonable as it's in keeping with our published guidance for the impact caused by such an error and the time and trouble taken to remedy it.

But Miss S thought the full impact of the error in the previous year hadn't been recognised. She said that on renewal, her premium had increased substantially and that she couldn't take out cover in her own name. And I can see on the renewal notice that there was a large increase in premium but that Miss S's years of NCD had increased from the previous year.

Miss S said she only found out a year later that the increase in premium was due to the incorrect claim. She said she had been unable to challenge it at the time. But the renewal notice, with a different insurer, was issued before the date Miss S made and then withdrew the claim. So I can't say that this then affected her renewal quote.

The policy then expired, and Action 365 sent Miss S her proof of NCD. Miss S provided us with a copy of this, so I'm satisfied that she received it. The letter stated that there had been a fault claim on her policy. Miss S said she didn't notice this as the NCD proof was an attachment to a covering letter. But it was the only attachment to a brief covering note. So I don't agree with her that it was "buried".

I think it was unfortunate that Miss S didn't then read the NCD proof and note the fault claim recorded. But I can't reasonably hold Action 365 responsible for this as it made the information available for Miss S to review. And therefore I can't hold Action 365 responsible for Miss S being added as a named driver to her partner's policy and having to use public transport.

Miss S also said she hadn't received all the £200 compensation she had agreed to accept from Action 365. I can see that Action 365 raised the payment twice, but Miss S didn't receive this. I don't know the reason for this. But Action 365 has subsequently raised the payment again and Miss S hasn't told us whether or not she has finally received this. But if she hasn't, then I think Action 365 should reissue the payment by cheque as our Investigator requested.

Putting things right

I require Action 365 Ltd to reissue the £100 payment of compensation for the distress and inconvenience caused by its level of service to Miss S by cheque, unless this payment has already been made.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require Action 365 Ltd to carry out the redress set out above, unless it had already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 21 November 2025.

Phillip Berechree
Ombudsman