

The complaint

Mr S complains about how Lexham Insurance Consultants Limited (“Lexham”) handled his application for cover regarding his No Claims Discount it could apply to his motorcycle insurance policy.

What happened

Mr S arranged to buy a motorcycle insurance policy through Lexham, which is a broker. The cover started in June 2025.

Before he took out the policy, he called Lexham and checked that it would accept his three years’ No Claims Discount (‘NCD’) entitlement, as his was over two years old. The notice of NCD had apparently expired in January 2022.

Lexham’s website said it would only accept NCD up to two years old, but there was some flexibility. Mr S asked that this was checked with a manager or underwriter. Lexham did this and confirmed it would still accept his NCD even though it was over this age.

He took out the policy.

His NCD wasn’t accepted. Lexham re-calculated his premium, which increased by £905.18. It waived its set-up fee of £101, so Mr S would only have to pay £804.18. Or it said Mr S could cancel his policy and it would give him a full refund.

Mr S paid the £804.18 and remained unhappy. He brought his complaint to this service. He asks that Lexham either honours his NCD of three years or that it pays him compensation of the extra amount he needed to pay.

Our investigator looked into it and thought it wouldn’t be upheld. He said Lexham had offered Mr S an appropriate choice due to the error it had made.

Mr S didn’t agree with the view. He said he felt Lexham’s misconduct was agreed, but he feels the options it gave him weren’t fair because they didn’t put him back in the same position he should have been if it hadn’t made the mistake.

Because he didn’t agree, his complaint has been passed to me to make 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.

In his responses to this service, Mr S has raised a series of points about the way Lexham conducted its business with him. He’s talked about various regulatory rules he says it broke.

I’d like to assure him that I have read all his responses and considered them fully, even if I don’t respond to them here. This is in line with this service’s informal approach. I need to point out that we’re not the regulator, which is the Financial Conduct Authority. As an

informal dispute resolution service, it's our role to make a decision about whether Lexham acted fairly and reasonably in how it dealt with him.

Mr S has pointed out that Lexham was at fault for what happened. And I agree. Its service wasn't good enough. Mr S acted fairly by checking with it about his (expired) NCD. He asked it to check with a senior person, then he asked again later. He was assured it was fine to accept his NCD. In Lexham's final response to him, it admitted its fault. It also said it would be re-training two members of staff who'd made an error.

As Mr S has said, that means the only remaining matter to deal with here is the remedy it offered him.

I can see Mr S was told about the problem with his NCD about two days after he took the policy out when he called it to check. As I've said above, he was then offered two solutions. He could either pay the additional premium, less Lexham's set-up fee, or accept a full refund.

He chose the former. In his responses to this service he talked about feeling like he had to keep the policy active to support his complaint and subsequent approach to this service. This is not correct.

He also said he felt he couldn't cancel the policy as he would be without cover. But I've not seen evidence to show he couldn't have taken out a new policy elsewhere immediately. I've also not been shown that Mr A could have taken out another policy elsewhere at a lower cost.

And he's talked about losing his NCD entitlement because of Lexham's mishandling of his application. But I've not been provided evidence that his NCD was irrevocably lost due to Lexham's actions.

What this means is that, while I don't doubt that Mr S has been caused inconvenience by Lexham's mistake, I think its offers to him were both fair and reasonable in the circumstances. It acknowledged its mistake and offered him the opportunity to have a full refund (which would have placed him in the same financial position as if he'd not bought the policy). The policy would have been cancelled on or about the 15 July and Lexham would have paid for his 'Time On Risk'.

Instead, Mr S chose to pay the additional premium rather than exercise his ability to buy the policy elsewhere.

I can't fairly say Lexham was at fault for the consequences of Mr S's choice.

Lexham also said it would waive its set up fee of £101 due to its error, and I think that was fair as that amount is in line with the amount of compensation this service's guidelines would recommend. So, I'm not upholding this complaint and I'm not going to ask Lexham to do anything more.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 February 2026.

Richard Sowden
Ombudsman