

The complaint

Miss D complains that Aviva Insurance Limited (“Aviva”) reduced her No Claims Discount (‘NCD’) by more than it told her it would during a claim on her car insurance policy.

What happened

Miss D had a motor insurance policy with Aviva covering her car. She bought the policy online via a comparison website.

In August 2024, Miss D was involved in a collision with a third-party vehicle when she hit its rear after it stopped in front of her.

The third-party claimed from Aviva. Miss D hadn’t told Aviva about the collision. When she told it what had happened, she also said she didn’t want to claim for any of her own damage.

In her communications with Aviva, one of its claims handlers told her that her NCD would be reduced by two years. She had ten years when she joined Aviva.

Her policy was later renewed at eight years’ NCD. Aviva realised it had made a mistake when it did this. Under the policy wording, Miss D’s NCD would be capped at six years, and her NCD would step back to three years.

Miss D complained to Aviva as her premium increased at renewal. Aviva apologised for its error and said it would pay her £200 compensation.

Miss D remained unhappy and brought her complaint to this service.

Our investigator looked into it and thought it wouldn’t be upheld. He agreed Aviva had made an error, but thought its compensation was fair.

Miss D didn’t agree with the view. She denied having the policy booklet. Because she didn’t agree, her complaint has been passed to me to make a 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.

I’m not upholding Miss D’s complaint. I’ll explain why.

The starting point here is the policy wording. Miss D bought a policy online and Aviva has provided a version of the wording that’s linked to as part of the online sales process.

I can see that the wording includes:

Section 4. No claim discount

No Claim discount at last

No claim discount at next renewal date (years)

renewal date (years)	1 Claim
6 or more years	3

I think the meaning of this table is clear (I've only included the relevant portion for Miss D's policy, claim and NCD).

Miss D chose to not protect her NCD, which would have protected her NCD against being reduced as has happened here.

It's important I say that the NCD is a discount amount. It's fairly reduced by Aviva when there's a 'fault' claim like Miss D's, but it can be reinstated if the claim is ultimately settled as 'non-fault'.

The NCD doesn't protect the premium being paid. The fact that Miss D was involved in an incident, and also that she was adjudged at fault for that incident, will both reasonably be part of the premium rating framework used by Aviva and other insurers at renewal.

Miss D has talked about her premium increasing by £400 at renewal, but not all of this will be because of the NCD change.

I've been provided with a copy of the communication from Aviva where its claim handler incorrectly told Miss D that her NCD would be reduced by two years.

But this error doesn't overrule the policy wording and I can't say Aviva acted unfairly by later informing Miss D about the error and correction of her NCD.

I can see in later communications with this service that Miss D has said she bought the policy on the price comparison website, rather than Aviva's site. She said she didn't recognise the formatting Aviva sent to this service, and that she wasn't provided with a copy of the policy booklet.

I asked Aviva about this and it confirmed that Miss D would have started the process on the comparison website, then clicked through to Aviva's website to take out the policy. It's provided me with details of where the policy wording, and other policy documents, were provided to Miss D. I can't say Aviva is fairly responsible for Miss D not downloading and reading them.

But I think Aviva's service could have been better. Its claims handler made a mistake which Miss D relied upon. Aviva paid her £200 compensation for her distress and inconvenience. I've considered this service's guidelines on compensation and I think that's fair. I do appreciate Miss D has commented that her premium has increased more than this, but as I've explained above this is likely to have been a combination of factors including her NCD reduction and that she's been liable for a fault claim.

I've also asked Aviva to write to Miss D and confirm that she took out her policy with ten years' NCD, but the claim she made took her to three years' NCD. Aviva confirmed it would do this, and it now needs to do so.

Miss D can approach her current insurer, and future insurers, with that letter as it may impact the NCD that company awards her, which may have an impact on her premiums.

I'm not going to include this letter in my decision as Aviva has already agreed to write it and because it benefits Miss D.

So, I'm not upholding this complaint as I think Aviva's payment of £200 compensation is fair.

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 Miss D to accept or reject my decision before 17 March 2026.

Richard Sowden
Ombudsman