

## **The complaint**

Mr H complains about the additional premium and administration charge Zego Insurance Limited applied to his commercial vehicle insurance policy.

## **What happened**

Mr H took out a commercial vehicle insurance policy with Zego. In doing so, he said he had 20 years' no claims discount (NCD) when asked in the application process.

When Zego asked Mr H to confirm this, he provided it proof, but this proof only said he had nine years' NCD. As a result, Zego said the premium would increase by £3.06 and that a £50 admin charge would apply. Zego emailed Mr H asking him to accept the changes or cancel the policy. It said if it didn't hear from him, it would adjust the policy automatically and apply the charges.

Mr H says he didn't get that email and only found out when he noticed his card had been charged.

Mr H complained to Zego about the charge and increased premium. But Zego didn't change its stance, so Mr H brought his complaint to the Financial Ombudsman Service. He said all previous communication was done via a messaging app, so he thought that's how he'd be contacted. He also said the maximum discount his old insurer applied was nine years' but maintained that he had 20 years claims free driving.

Our Investigator recommended Mr H's complaint be upheld. He said Zego had asked Mr H to provide a letter from his previous insurer confirming what he said – that its allowance was 9 years, but he'd had claim free driving for 20. Our Investigator noted that Mr H had done that, and the letter, which Zego accepted, actually said Mr H had 27 years claims free driving.

Our Investigator referenced the Insurance Act 2015 and the Consumer Insurance (Disclosure and representations) Act 2012 (CIDRA). And said he didn't think the action Zego took was justified by either of those acts. Namely because it hadn't shown Mr H had made an unfair presentation of the risk, not had it shown what the effect of any alleged wrong information had on the price of the policy. So he recommended Zego refund both the additional premium charged, and the administration fee plus interest.

Zego didn't accept that assessment, it said NCD was bunched together in years. It said it thought it was fair in saying Mr H's NCD was nine years' not 20. But it said even if it changed the NCD to 20 years, it wouldn't change the premium charged. It said it agreed though to refund the administration charge.

Our Investigator again pointed out that we'd not been sent any information on how the NCD changed the premium, but noted the policy premium was changed based on the NCD changing from 20 years as Mr H declared, to nine years as Zego said was correct. He asked therefore how no change in premium was generated by returning the NCD to 20 years.

Zego didn't respond, so the case has come to me for an Ombudsman's 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.

Having done so, I'm upholding it. I'll explain why.

I don't intend to go into detail regarding each and every point. In line with the service's informal role, instead, I'll focus on what I consider key.

It's now widely accepted that Mr H didn't make an unfair presentation of the risk when he declared 20 years' NCD. In truth, Mr H had more than that, 27 years, but that information only serves to lessen the risk, so can't be seen as a qualifying breach of the Insurance Act.

At the time Mr H took out the policy, he thought he had 20 years' NCD – I think that was reasonable. He wasn't to know at that point that his previous insurer capped the actual discount at 9 years.

That said, I think when asked for proof initially, Zego was acting reasonably when it reduced Mr H's NCD to 9 years' – that's what the document from the previous insurer said.

But that document has since been corrected and it shows the true NCD from the previous insurer – 27 years'. This has since been given to Zego.

Also, despite being asked, Zego has never sent us the underwriting or pricing information to show what effect the NCD has on the policy year.

So like our Investigator, I think it's reasonable to assume that if Zego increased the premium based on the NCD reducing from 20 years' to 9, then increasing the NCD back to 20 should mean the premium reduces by the same amount it was increased.

So in summary, I don't think Mr H gave wrong information to Zego when he took the policy out, and Zego hasn't shown what effect that information had in any event, so there's no action it can take under the Insurance Act – the correct legislation here.

It therefore follows that neither the extra premium nor the administration charge were fairly applied to the policy, so, Zego should refund them, with interest, to Mr H.

### **My final decision**

For the reasons set out above, my final decision is that I uphold this complaint and require Zego Insurance Limited to

- Refund Mr H £53.06 plus interest\*. Interest should be calculated from the date Zego charged Mr H, to the date it refunds him.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Zego to take off tax from this interest. If asked, it must give Mr H a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 March 2026.

Joe Thornley  
**Ombudsman**