

The complaint

Mr M has complained about how long it took Advantage Insurance Company Limited to notify him that a claim a third-party made against his motor insurance policy was removed from relevant databases.

What happened

In July 2021, a third-party notified Advantage about a claim against Mr M. Mr M disputed involvement in the incident. Advantage defended the claim and the third-party insurer didn't cooperate with their requests. Advantage left the claim open until January 2023, at which point they removed it from their records and adjusted the Claims and Underwriting Exchange (CUE) accordingly. On 27 August 2025, Advantage wrote to Mr M saying they could refund a portion of his premium. They paid him £276.26 plus 8% interest on this amount. They told Mr M he could contact his new insurer to determine if a refund was due to him based on the updated information.

Mr M had taken out a policy with a different insurer because, in November 2022, his broker had told him Advantage wouldn't offer a renewal on his policy with them. When he found out about when records of the incident with the third-party were updated, he complained to Advantage that their delay in telling him will have meant he paid a higher premium than he should have. He also complained about a 20% deduction they made for tax. Advantage responded that the refund owed to Mr M was delivered in time and for the correct amount.

When Mr M referred his complaint to this Service, Advantage told us they should have done more to put things right. They said the premium should have been recalculated and refunded promptly following the claims removed in January 2023, but it wasn't done until August 2025, resulting in a delay. Advantage said it was Mr M's responsibility to let his new insurer know about the change, and that new insurer would need to put right any refund due. Advantage offered £300 compensation for the inconvenience caused by the delay and said they'd pay 8% interest on any difference between the premium he paid his new insurer and the recalculated amount, subject to supporting evidence.

An Investigator considered Advantage's offer and thought it was fair. Mr M disagreed, saying an award of around £650 to £750 would be more reasonable. The complaint couldn't be resolved so it has come to me to decide.

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.

As ours is an informal service, I'm not going to comment on every point or piece of evidence Mr M and Advantage sent us. Instead, I've focused on what I consider to be key or central to the complaint. But I'd like to reassure both that I have considered everything submitted.

Advantage has an obligation to record claims accurately on CUE. It's standard industry practice to record an open claim as 'bonus disallowed' (or a 'fault' claim as it's often called).

So, I don't think it was unfair of them to have the open claim recorded in this way while they looked into the potential claim. And I don't hold them responsible for the lack of cooperation from the third-party insurer.

Mr M's details were updated on CUE in January 2023. Mr M took out two policies between then and when he was told about the updated record – one in November 2023 and one in November 2024. Advantage have accepted they delayed informing Mr M of when they updated their records and have offered compensation for this. Mr M won't have needed to take any action at all had Advantage informed him promptly and I think they have caused him additional unnecessary distress and inconvenience since he's had to spend a significant amount of time putting things right. And I think the £300 Advantage has offered is in line with what I would have awarded in the circumstances.

I've thought about whether Advantage is responsible for paying any difference in premium between what the new insurer charged Mr M and what they would have charged had Advantage informed him sooner. Mr M sent this Service a complaint response from the new insurer acknowledging they incorrectly declined to accept his proof of No Claims Bonus – and the insurer agreed to update the No Claims Bonus to three years for the current policy. Mr M said they gave him the additional year of No Claims Bonus and reduced the premium for his current policy accordingly. But I haven't seen that he spoke to his current insurer about looking into the two previous policies and refunding any additional premium now that they've accepted he had an additional year of No Claims Bonus. I'm not directing Advantage to pay any difference in premium, and he could still speak to his new insurer about this

Advantage have also offered to pay Mr M 8% interest on any additional premium his new insurer refunds him. I'm not going to direct them to do this as I think £300 is enough to compensate for the inconvenience caused by the delay. But Mr M could speak to Advantage again about this if he receives a refund from his new insurer.

Advantage have explained to Mr M they only removed 20% tax from the 8% interest Mr M was paid not from the refunded premium itself. If a business thinks they're required by HM Revenue & Customs to deduct income tax from interest, they usually tell the customer how much they've taken off and give a tax deduction certificate if they ask for one, so they can reclaim the tax if appropriate. I can see this is what Advantage have done here.

My final decision

I partially uphold this complaint and direct Advantage Insurance Company Limited to pay Mr M £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 March 2026.

Andrew Wakatsuki-Robinson
Ombudsman