

complaint

Mr J complains about the way UK Insurance Limited (trading as Privilege – “Privilege”) has administered his car insurance policy.

background

Mr J took out car insurance with Privilege through a price comparison website. He said that he had five years’ no claims discount (NCD). But Privilege said the information it got from Mr J’s past insurers showed he only had four years’ NCD. So it said he needed to pay an additional premium to reflect this - if he couldn’t show he was entitled to five years’ NCD.

Privilege sent two letters to Mr J. The first said that the proof of NCD he’d sent in wasn’t good enough. It said he needed to send in adequate evidence, or he’d need to pay the extra amount. The second letter was sent about three weeks later. This told Mr J if Privilege hadn’t heard from him by 5 July 2016, it would cancel his policy. As it didn’t hear from him, it cancelled the policy and wrote to Mr J to let him know.

Mr J got in touch with Privilege about a week later. He said he hadn’t got the original letters. He sent in further proof of NCD and asked Privilege to reinstate his policy. Privilege said it couldn’t do this and would need to set up a new policy. It charged a premium of about £250 more than Mr J had paid for the first one. He sent in further proof of NCD. Mr J was unhappy with how Privilege had dealt with his policy and he complained.

Privilege said the premium was right and it couldn’t reinstate the old policy. But it did offer Mr J £100 compensation as a gesture of goodwill. Mr J was still unhappy though and asked us to look into his complaint.

I issued a provisional decision on 10 January 2017. I explained why I thought Mr J’s complaint should only be partly upheld. And why I thought the £100 compensation Privilege had already offered was fair. I thought Privilege had had reasonable evidence in May and June 2016 to suggest Mr J only had four years’ NCD. I thought it’d only got the evidence to support five years’ NCD *after* it’d cancelled the policy. I felt Privilege had most likely sent the NCD and cancellation letters to the right address. But I felt it could’ve done more to chase up Mr J before it took the significant step of cancelling his policy. So I thought it should treat Mr J’s record as if it hadn’t done so. Lastly, while I understood the price of Mr J’s second policy was substantially more than his first, I thought this would’ve applied to any customer in Mr J’s situation. So I didn’t think Privilege had worked out the price of Mr J’s second policy unfairly.

Neither Mr J nor Privilege agreed with my provisional findings.

Privilege said it doesn’t think it’s right to remove the cancellation from Mr J’s record. It said the compensation it’d offered Mr J was paid in the spirit of resolution, rather than for anything it’d done wrong. It said it’d followed its cancellation process, which is followed for all customers who should pay an additional premium, but don’t. It said the cancellation process is robust and follows the legal and regulatory requirements.

Mr J said the evidence of the NCD was provided in full to Privilege in early June by email and this was sufficient evidence of the NCD. He said this email was re-sent to Privilege after the policy had been cancelled. He also said, given his financial position, if he’d received the letters from Privilege, he’d have either re-sent the proof of NCD or paid the additional

premium. He doesn't think Privilege did enough to contact him. He said if he hadn't got the third letter, he could've been driving around uninsured. He's previously worked for an insurer. He can't agree he should've been quoted an additional premium when Privilege had only been looking for a further £40 approximately. He feels this should've been taken into consideration. He hasn't tried to mislead or provide false information to Privilege.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done this, I still think this complaint should only be partly upheld. And I'll explain why.

Mr J says he sent the full proof of NCD to Privilege in early June. So I asked it if there's any record of the email Mr J's told us about. It said there's no evidence that it got both proofs of NCD until July 2016, once Mr J got in contact with it *after* the first policy had been cancelled. It did add though that given the amount of emails it gets, it isn't possible to keep them all. So I accept it's possible Mr J did send both proofs of NCD in June 2016.

But I have to make a decision on what I think is most likely to have happened, given the evidence I have. As I explained in my provisional decision, Privilege's screenshots from early June show the proof of NCD from the first insurer said Mr J only had four years' NCD. And it also suggested the registration numbers didn't match up. There's no mention of any other evidence from any other insurer. The first insurer still maintains Mr J left it with four years' NCD. I simply don't have enough available evidence to show me it's most likely Privilege got the second proof of NCD until *after* the Mr J's first policy had been cancelled.

Even if Privilege had received all of this information at the start, it's possible it might've still wanted extra information from Mr J. After all, the letter from the second insurer was dated September 2013. The letter from the first insurer was dated June 2016, so it looks like this had been Mr J's most recent insurer. And this insurer said Mr J only had four years' NCD. Privilege did ultimately go on to accept five years' NCD. But I think there was probably enough lack of clarity about Mr J's NCD entitlement for Privilege to reasonably ask him for more information or to ask him to pay more.

Overall, this means I still think Privilege's decision in June 2016 to treat Mr J as having four years' NCD was reasonable.

I know Mr J maintains he didn't get Privilege's first two letters asking him for more proof of NCD or the payment of an additional premium. Those letters let him know his policy would be cancelled without this proof or payment. But as I've said, the evidence I have suggests the letters were sent to Mr J when Privilege says they were and to the address it had on file. And given Mr J got the third letter (even though he says it took a few days for him to get it), I'm satisfied it did have the right address.

But I still think Privilege could've done more to chase up Mr J, given the possible implications of cancellation. Mr J's mentioned he could've been driving around unknowingly uninsured if he hadn't got the third letter. Happily, this didn't happen. So it wouldn't be fair to tell Privilege to pay Mr J any more compensation for a hypothetical scenario. But cancelling the policy was a significant step and it could have implications for Mr J's ability to get insurance in the future. Privilege says its cancellation process is robust and I understand it has concerns about treating all of its customers in the same way. But in the particular circumstances of this

case, I still think the fair thing for Privilege to do is to treat Mr J's record as if the policy hadn't been cancelled. And take the cancellation off any internal or external database.

I know Mr J had to pay substantially more for the second policy than he did for this first. And I appreciate why this would've been frustrating for Mr J. But Privilege has been able to explain some of the reasons why the price went up. As I explained in my provisional decision, this information is commercially sensitive to Privilege's business, so I can't share it with Mr J. But I can see that there was a general increase in the premium between May 2016 when Mr J took out the first policy and July 2016 when he took out the second. I think this increase would've applied to any customer in Mr J's situation, so I don't think he was singled out.

I'm still satisfied that Privilege worked out the price of Mr J's second policy fairly. I do sympathise with the position he's now in, but I don't think it's entirely down to Privilege that the situation arose in the first place. That was down to the proof of NCD Mr J first sent in. So, I'm still persuaded it was fair for Privilege to price the new policy at the price applicable to the risk it thought Mr J presented at that time.

Overall, I think Privilege's offer of £100 is fair. I'm not telling Privilege to reinstate Mr J's old policy or refund him the difference in premiums he's paid so far. But I do direct it to remove any record of Mr J's old policy being cancelled from its own records or any external database.

my final decision

For the reasons I've given above, my final decision is that I partly uphold Mr J's complaint.

I direct U K Insurance Limited to remove any reference to the cancellation of Mr J's first policy from its own record or any external database. And if it hasn't yet paid Mr J £100 compensation, it must now do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before (date).

Lisa Barham
ombudsman