

complaint

Mr W's complaint is about the way Aviva Insurance Limited calculated the refund of premiums when he made some changes to his motor insurance policy.

background

Mr W made a number of changes to his multi-car policy, some of which entitled him to a refund of premium. The amount Aviva paid him was much less than he was expecting and he complained.

In my provisional decision, I said that there appeared to be confusion about the allocation of premium across the three cars covered under Mr W's policy. The allocation that Aviva had used in dealing with the complaint, and in the premium calculations it sent us, was very different to the one set out in the schedule sent to Mr W at the beginning of the year.

It wasn't clear why they were so different, or which was the correct one (and it still isn't), but I didn't think it matters. Mr W had an allocation of premium between the cars set out in his policy schedule. That was the basis on which he selected which of the remaining cars to transfer the no claims discount to when he sold one of the cars. And the information in that schedule was what he had when he was making decisions about moving family members on and off the policy.

That was the information Aviva gave him and I thought he was entitled to rely upon it. I said Aviva should use the allocation set out in that policy schedule to recalculate all the adjustments to premium resulting from the changes Mr W made to his policy and should pay him any further refund of premium due to him together with interest from the date of the relevant change to the policy.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In response to my provisional decision, Mr W said he was worried about the confusion causing difficulty in calculating the refund due to him and wanted me to specify the amount he should get. I don't think I can do that; I don't have enough clarity on all the figures or how Aviva calculates refunds.

Aviva responded saying it had checked the calculations and was comfortable they had worked as it had intended. Whether the figures worked as Aviva had intended isn't really the point. Aviva has produced wildly inconsistent figures for the calculations, in particular for the allocation of premium between the three cars. I told it to base the calculation on the allocation set out in the policy schedule sent to Mr W on renewal at the beginning of the year in which he made the changes because that was the allocation I think Mr W was entitled to rely upon - whatever Aviva may or may not have intended.

Aviva also told me in its response that it had also initially quoted the wrong amount for the multi vehicle discount (£44.96, instead of £79.07). It said that it would base its refund on the amount it had incorrectly quoted which was more generous to Mr W and I think that's fair.

So, Aviva should calculate the refund due to Mr W based on the allocation of premium set out in the policy schedule sent to him at the beginning of the year in which the changes were made (that's £475 for the car with registration beginning with R, £212 for the car with registration beginning with A and £186 for the car with registration beginning with P) and a multi vehicle discount of £48.97 at the beginning of the year. Given the history of unusual confusion around these figures, and Mr W's concerns in this area, Aviva should also provide him with a schedule showing each component of the calculation.

my final decision

My final decision is to uphold the complaint. Aviva Insurance Limited should pay Mr W any further refund of premium due to him as a consequence of the changes made to his policy for the year ended 10th July 2016 after recalculating all adjustments to premium on the bases described above. And Aviva should provide Mr W with a schedule showing each component of that calculation.

Aviva should pay interest on any amounts due to Mr W at 8% simple per annum from the date of the relevant change to the policy till the date of payment and all payments due to Mr W as a result of this decision should be paid to him within 28 days of the date we tell Aviva that Mr W has accepted my final decision. If Aviva is required by HM Revenue & Customs to take income tax off that interest it should give Mr W a certificate so he can reclaim the tax if he's entitled to.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 May 2017.

Jonathan Coppin
ombudsman