

complaint

Mr S complains that Markerstudy Insurance Company Limited reduced his no claims discount (NCD) from seven years to one year. This meant the premium on his commercial motor insurance policy went up from £1,375 to £3,710.

Background

Mr S is a taxi driver. Under the terms of his policy he could have two fault claims within the last five years without it affecting his NCD. Between September 2013 and 2014 he was involved in the following accidents:

1. December 2013 – non fault;
2. February 2014 – fault;
3. April 2014 – potentially fault but no claim made within six months;
4. August 2014 – potentially fault but no claim made within a year.

Markerstudy kept its file open on the April 2014 incident for seven months. As no claim was made within that time it was closed on 6 October. At the date the policy was due to be renewed in September 2014 there were three incidents that were either fault claims or pending. On that basis Markerstudy reduced Mr S's NCD, with the inevitable result that the cost of the premium rose to over £3,700.

Mr S couldn't get insurance elsewhere because of the pending claims. So he put his taxi in storage and hired an alternative vehicle for £150 a week. He wanted Markerstudy to reimburse him for the hire costs. When it refused to do so he brought his complaint to us.

The adjudicator agreed that Markerstudy was entitled to reduce Mr S's NCD when the policy was renewed in September 2014. But she said that when the file on the April incident was closed, which it should have been on 6 October, this left one fault accident and one claim pending which meant that Mr S was eligible again for his full NCD. She didn't accept that Mr S was entitled to be refunded the cost of the car hire. She said that as Mr S paid for his insurance in monthly instalments he could have accepted the higher premium for the time being and then asked Markerstudy to restore his NCD and reduce his payments after 6 October. She asked Markerstudy to confirm in writing that Mr S had seven years NCD and pay Mr S £100 for the trouble and upset caused.

Markerstudy agreed to this but Mr S didn't. He said he'd asked Markerstudy if it would reduce his premium once the file was closed, but when it wouldn't agree to do this or reinstate his NCD, he had no choice but to take his taxi off the road and use a hire vehicle instead.

my provisional decision

I issued a provisional decision increasing the award for trouble and upset to £350. But I didn't think Markerstudy should reimburse Mr S for the hire charges he'd incurred. I agreed with the adjudicator that it would have been cheaper for Mr S to pay the higher premium for the time being until his NCD was restored.

Mr S asked me to reconsider this aspect of his claim. He said that his original intention was only to hire a replacement taxi up to 6 October but when Markerstudy said it wasn't going to reinstate his NCD, he had no choice but to carry on hiring a vehicle because he didn't want to stay with Markerstudy and he couldn't get insurance anywhere else. He questioned when Markerstudy had closed the file on the April incident.

I asked Markerstudy to clarify the situation. It provided evidence that the file had been closed on 7 November 2014. It also sent us a copy of the renewal notice sent to Mr S by his broker in September 2014. This confirmed that Mr S could have paid a deposit of £935 followed by monthly instalments of £355 as an alternative to paying the full premium up front.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I agree with the adjudicator that at the time the policy was renewed, Markerstudy was entitled to calculate the premium on the basis that the April incident was still live. At that point Mr S could either have paid the whole premium up front (as he'd done the previous year) or he could have paid a deposit of £935 and monthly instalments of £355, pending the reinstatement of his NCD.

I accept that when Markerstudy refused to reinstate Mr S's NCD, this left him in a difficult position. He needed to have a taxi on the road to earn his living. But it would still have been cheaper for him to have gone on paying for the premium by instalments while he sorted out the situation with Markerstudy. On any analysis paying £150 a week for car hire was a very expensive way of dealing with the problem.

Mr S says he had no choice because no other insurer would provide cover and he didn't want to continue with Markerstudy. But it remained open to him to maintain the policy for as long as it took to get the record straight and his NCD back. At that point he would have been able to go to another insurer.

Mr S has also asked that his NCD be increased from 7 to 8 years to cover the time taken for his complaint to be resolved. If Mr S had maintained his policy the additional NCD would have accrued. Any further reduction in the NCD has been caused by the fact that Mr S was using a hire car with separate insurance arrangements, rather than any error by Markerstudy.

Mr S's car hire payments covered all the expenses of running a car, including road tax. Hiring a car also meant his own vehicle wouldn't be subject to wear and tear while it was off the road. I don't think it's reasonable to expect Markerstudy to pay for the hire costs when Mr S had a cheaper option available. But I do think the award for trouble and upset should take into account the ongoing worry and uncertainty caused when Markerstudy refused to restore his NCD. It gave Mr S little choice but to bring his complaint to us. So for that reason the compensation for trouble and upset will be increased to £350.

my final decision

I uphold the complaint. I direct Markerstudy Insurance Company Limited to pay Mr S £350 for trouble and upset.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 30 December 2015.

Melanie McDonald
ombudsman