Financial Ombudsman Service

complaint

Mr W complains that UK Insurance Limited (trading as Direct Line) misled him about the way a Named Driver No Claim Discount worked on his motor insurance policy.

background

Mr W says his wife had been a named driver on his Direct Line policy for approximately 9 years. He was led to believe by the original welcome letters that she would be earning her own No Claims Discount (NCD) just from being named on his policy. But a recent change in the policy wording says that named drivers can earn their own Named Driver No Claim discount (NDNCD). Direct Line didn't make clear that this can only be used when taking out another Direct Line policy. When his wife took out a policy with another insurer she couldn't use her NDNCD. He says he's been misled. His wife should be given a 9 years NCD. He wants to be put back in the financial position he would've been in had she been provided with the NCD promised.

Direct Line said in its final response to Mr W's complaint that the original wording in its welcome letters says that should a named driver wish to insure their own car with Direct Line in the future it would credit them with the claim free record they'd personally built up on Mr W's policy. It'd made clear that the named driver needed to take out a Direct Line policy to be entitled to this discount.

Our adjudicator recommended that this complaint should be upheld. In summary she considered that:

- The welcome letters and policy documents clearly say that the NDNCD can only be used on a Direct Line policy.
- It's only in the January 2015 renewal letter and new policy wording that Mr W's made aware that the NDNCD may be lower than the NCD of the main policy holder and that it may not be recognized by other insurers. This wasn't initially made clear in the previous renewal letters or old versions of the policy document.
- Mr W should be reasonably compensated for this and his wife should be given her NDNCD so long as she takes out a Direct Line policy.

Direct Line doesn't agree. In summary it says Mr W has taken out four new polices with it since 2006 presumably to obtain better premiums. Mr W says he's paid more for his insurance than he should so he could build up his wife's NCD but the premiums he's paid over the last four years aren't excessive. The policies haven't been mis-sold. NDNCD has always been headed as such in bold type. It's always been stated that a NDNCD can be used if a policy is taken out with Direct Line. It's never said it can be used with another insurer. The NDNCD has never been called a NCD. It's never claimed his wife will build up her own NCD. Since 2008 it's also made customers aware that the NDNCD may be lower than the policyholder's NCD. Mr W has been sent the policy wordings and schedules.

Mr W has confirmed that he didn't accept Direct Line's renewal quotes on a number of occasions as it was invariably cheaper for him to get a new policy with it on line. But he still remained insured with Direct Line. He says he cannot be held accountable for what his wife chose to do. She bought her own car and looked elsewhere for insurance. But when she found out other insurers wouldn't accept the benefit they thought she'd acquired through Direct Line, she insured her car with it.

my findings

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

There are various references in the letters and documents relating to Mr W's earlier policies to a named driver's personal "*claim free record* " and to them earning their own NCD. But these letters and documents also effectively qualify these statements. They say the benefit only applies when a Direct Line policy is taken out. They are also often set out under the overall bold headline and section relating to NDNCD. I also note Direct Line has changed and clarified some of its policy wordings over time. This is reasonable. For example, it's recently specifically said that the NDNCD may be lower than the policyholder's NCD.

Although, I think some of the letters and documents relating to Mr W's earlier policies could've been worded more consistently and slightly more clearly, I don't think on balance that the policies were mis-sold to Mr W as he suggests.

But, I think it's fair and reasonable for Mr W to be compensated for any confusion he might've been caused by the lack of absolute clarity and consistency in the wording and terms used in Direct Line's letters and documents. Taking account of all the circumstances and the level of award we make, I think £75 is fair and reasonable for this.

Mr W also says he paid higher premiums than he might otherwise have done to get the benefit for his wife. But although Mr W remained insured with Direct Line for many years I note he took out completely new policies with it on four occasions to get cheaper cover. His decisions were clearly primarily and largely price driven. He was also, and is, free at any time to seek cheaper or more advantageous cover from other providers.

As Mr W says his wife wasn't party to his contract with Direct Line and he's not responsible for her choices. Even so, I note she took out a Direct Line policy on her car to take advantage of the benefits she'd personally acquired from having been a named driver on Mr W's Direct Line policy.

Overall, I therefore don't think on balance that Mr W's suffered any financial loss as he suggests.

my final decision

My decision is that UK Insurance Limited (trading as Direct Line) should pay Mr W the sum of £75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 February 2016.

Stephen Cooper
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