

## **complaint**

Mr M is complaining about the customer service he's received from Advantage Insurance Company Limited (Advantage) on his car insurance policy.

## **background**

Mr M had a car insurance policy with Advantage for a number of years. In April 2015 he was involved in a non-fault accident, where his car was written off. But he received payment for the damage to his car from both Advantage as his insurer and the other driver's insurer. Advantage said that he'd have to repay the amount it paid him. Mr M couldn't repay the full amount paid, so he entered into a repayment plan to do so over a period of time.

Mr M complained to Advantage in March 2016 when the policy renewed about issues in respect to his insurance premium and that the claim was recorded as a fault claim. Advantage responded to this complaint and changed the premium payable.

In February 2017, Mr M's car was hit by a metal hub cap while driving on a motorway. Mr M reported this to the police, but he didn't immediately report the matter to Advantage as he was intending to repair the damage himself. But in December 2017 he contacted Advantage to make a claim as the cost of repair was too much.

There was initially a delay in collecting Mr M's car. Advantage accepted this and offered Mr M £30 in compensation.

Advantage later contacted Mr M to say that he owed an additional premium because the incident occurred before the policy renewed. Mr M says that he spent many hours on the phone discussing this with Advantage and he says he was getting increasingly frustrated. He says he was also told that his claim had been put on hold. He says Advantage told him he'd been involved in an accident with a car with a registration plate starting PK58. He queried this with Advantage, but he says the call handlers couldn't give him any further information. Advantage later said that it didn't have to review the claim any further and it offered him a further £30 in compensation.

In February 2018 Advantage wrote to him and said that if he didn't pay the additional premium it would cancel the policy. Mr M continued to discuss the matter with Advantage. He says the call handlers kept giving him mixed information. And he says he spent around three hours on the phone discussing the matter. But Advantage subsequently cancelled the policy due to non-payment of the additional premium. Mr M says that Advantage didn't tell him it had done so and he only realised it had done so a few days later when he logged on to his online account and found the cancellation letter. He says that this meant he was driving without insurance for a few days.

Mr M then contacted Advantage to take out a new insurance policy. But it said that he would have to pay a £75 cancellation fee. Mr M was unhappy about this, so Advantage reviewed it and it reduced the fee to £31.70. Mr M says he reluctantly paid this to keep the policy and he was passed to the sales team. But it then said that it couldn't provide him with an insurance policy. So Mr M took out another policy with a different insurer. Advantage then refunded the £31.70 that he paid. It also offered him a further £20 in compensation.

Mr M then raised a formal complaint with Advantage and he said he wanted it to do the following:

1. Provide him with a letter stating the 2015 accident was a non-fault accident.
2. Refund the premium paid back from the 28th February 2018 (when the policy was cancelled) to the 10th March 2018 (when the policy was due to end).
3. Increase the amount of compensation offered to take into account all the anguish, stress, sleepless nights and being depressed because of all the anxiety Advantage has caused and all the time he's spent discussing this matter,

Advantage wrote to him to confirm the 2015 accident was recorded as a fault claim. But it thought it had already paid fair compensation.

I issued a provisional decision upholding this complaint. And I said the following:

*"Both parties have raised a number of points they want me to take into consideration. I've taken everything into account. I've not commented on every point, but focussed on what I think are the key points. Where information is incomplete – as it is here – I've decided what I think was most likely to have happened.*

*For ease of reference, I'll deal with the various complaint points Mr M has raised separately.*

*should the April 2015 claim be a non-fault claim?*

*The term "non-fault" unhelpfully isn't actually linked to whether an individual was at fault for an incident or not, but whether an insurer recovers what it paid out. An insurer will usually only record a claim as "non-fault" when it fully recovers everything it pays out on a claim – usually from another person's insurer.*

*In this case, Advantage paid Mr M the market value for his car. But the other driver's insurer paid the money to Mr M directly rather than to Advantage. So Advantage didn't recover its outlay as Mr M didn't then pay Advantage what the other driver's insurer paid him – as he should have done. Given this, Advantage was entitled to record the claim as a fault claim. Although I acknowledge that it appears Advantage has been misleading throughout this matter in what it's told Mr M about the way it's treated this claim. I'll address this issue later in the decision.*

*Mr M has also queried that the other driver's insurer paid him less than what Advantage paid him, so he disputes how much he has to repay Advantage. But I'm satisfied that Advantage is asking him to repay what it paid out. And if he disputes the amount the other party's insurer paid him (which I understand is linked to the outstanding annual premium) he'll need to raise this with the other insurer directly as it's not something I can consider in this decision.*

*was it fair for Advantage to charge an additional premium of £43.43?*

*Under the terms of Mr M's policy, when the policy renewed, Mr M was required to report "any accidents, whether or not a claim was made, or any prosecutions or motoring convictions." The incident occurred before renewal so he should have told Advantage about the incident. Further to this, while he ultimately made the claim after renewal, Advantage was right to backdate the actual claim date to the date of the incident as this is the actual date of loss.*

*Given all this, Advantage was entitled to assess what it would have charged had Mr M disclosed this incident when the policy renewed. Had it done so, it would have charged an additional premium. So I'm satisfied it acted fairly in this respect.*

was it fair for Advantage to cancel the policy?

*Advantage has accepted it shouldn't have cancelled the policy for the non-payment of the additional payment, as Mr M was still disputing the charge. And it's refunded the £31.70 Mr M paid. However, I'm conscious that Mr M lost out on around two weeks of insurance as he had to arrange a separate insurance policy. But I'm also conscious he should have paid the additional premium of £43.43. It seems to me a fair remedy in this respect is that Advantage waives this additional charge. Although I think it should also provide Mr M with a letter confirming that he doesn't have to disclose this cancellation to future insurers.*

has Advantage paid fair compensation for the distress and inconvenience caused?

*Mr M says that Advantage has caused him a lot of distress and inconvenience in this matter. I think some of what's happened is simply an unfortunate consequence from having to make a claim – including having to wait for his car to be collected. But I think Advantage has unfairly caused Mr M distress and inconvenience for the following reasons:*

- 1. Advantage shouldn't have cancelled the policy when it did. This resulted in Mr M driving without insurance for a few days as he wasn't aware the policy had been cancelled.*
- 2. Advantage has consistently given Mr M mixed messages throughout the process about whether the April 2015 was a fault claim or a non-fault claim. Even though it wasn't unreasonable to record it as a "fault" claim, I think it should have explained clearly to Mr M why that was the case.*
- 3. There was a delay in collecting Mr M's car. I don't dispute that some of this was unavoidable due to the salvage agent's workloads over the Christmas period. And Mr M has said he expected that. But I'm also persuaded by what Mr M has told us that the car was originally scheduled to be picked up on 5 January 2018. But due to a number of administrative issues, it wasn't ultimately collected until 16 January 2018 – a delay of 11 days. This caused Mr M to be without a car for a further 11 days as his car wasn't driveable and it delayed the ultimate settlement of the claim. I also understand that he nearly lost a deposit he'd put down on a car due to these delays.*
- 4. I'm persuaded that Mr M had to spend around three hours on the telephone discussing the additional premium. And it seems that he was given very misleading information throughout these calls, with some call handlers saying that he had to pay the charge and then other call handlers saying that he didn't have to.*
- 5. Advantage told him that his claim had been put on hold because of an alleged accident involving a car with registration number PK58. This was an administrative error, but I think it would have caused Mr M some distress and inconvenience.*

*Given all this, I think Advantage should increase the amount it's paid in compensation to £200. I understand that it's already offered Mr M £80 in compensation. It can take this off the amount payable if it's already paid this to Mr M."*

Mr M didn't accept my provisional decision. In brief, he said the £43.43 that he was required to pay was in respect to the April 2015, not the February 2017 incident. He also said in respect to the April 2016 claim, as Advantage was his insurance company working on his behalf, I believe they should've helped him recover the difference between the amounts when he contacted it regarding this matter i.e. that the other driver's insurers hadn't paid him the correct amount. He said he still doesn't know who the other driver's insurer was and he maintains that Advantage made no effort to help him.

He said that my provisional decision has brought back all the stress and anxiety from before. He says he thinks Advantage has deliberately misled this service in respect to the information it's given us in regards to the April 2015 incident.

Mr M asked me to reconsider my decision and award the amount of compensation recommended by the adjudicator.

Advantage didn't respond to my provisional decision.

### **my findings**

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

I've taken Mr M's comments into account. But I've come to the same conclusion as the one I set out in my provisional decision.

I note Mr M says that the £43.43 premium was in relation to the April 2015. But I don't agree. Advantage wrote to Mr M in March 2018 and said the following:

*"I note we added a claim onto your policy on 6<sup>th</sup> February 2018; this would have affected your premium as it occurred before renewal. As a result the additional premium would be chargeable as you did not notify us of the incident until 20<sup>th</sup> December 2017."*

So I'm satisfied that Advantage's written correspondence to Mr M sets out that the additional premium is down to the February 2017 incident and it said it charged the premium because Mr M didn't disclose the incident at the policy's renewal.

Further to this, Advantage's internal records also clearly show that this additional premium was down to the incident in February 2017. I recognise that it appears Advantage did rerecord the April 2015 claim as a fault claim in February 2018. But I'm still of the belief that Advantage was entitled to charge the additional premium. As I set out in my provisional decision, I think Advantage's communication in respect to the April 2015 claim has been very inconsistent. And I can understand why Mr M is confused and frustrated about what he's been told. But I still think the amount I said I intended to require Advantage to pay in compensation is fair. And Mr M's comments haven't changed my decision in this respect.

I note Mr M says that Advantage should have assisted him further in respect to the difference with the payment it received from Advantage and what he received from the other driver's insurer. But I understand that Advantage wrote to Mr M in respect to this at the beginning of January 2018. I understand the difference is down to the fact that Advantage deducted the remaining annual premium due from the claim settlement, which it said it was entitled to do under the terms of the policy. And this isn't unreasonable. Ultimately I haven't seen anything to show that Advantage treated him unfairly in this respect. So I don't think Advantage needs to do anything further in this respect.

While I acknowledge that Mr M doesn't agree with my provisional decision, neither party has provided me with anything which has made me conclude that my original findings were unfair. So I uphold this complaint for the same reasons.

**my final decision**

For the reasons I've set out above, it's my final decision that uphold this complaint. And I require Advantage Insurance Company Limited to do the following to settle this complaint:

1. increase the amount it's paid in compensation to £200; and
2. provide Mr M with a letter confirming that he doesn't have to disclose this cancellation to future insurers.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 April 2019.

Guy Mitchell  
**ombudsman**