

complaint

Mr D complained about his car insurer Admiral Insurance Company Limited because it recorded an incident as a claim and withdrew his no claims bonus, causing him to go without insurance (and, therefore, not be able to drive).

background

Mr D had a policy with Admiral and a black-box in his car which sent Admiral data. In August 2017 the black-box sent information to Admiral about a crash. The detail noted a front-end impact. Admiral called Mr D and he said the black-box must have had an error. He said nothing had happened and there was no damage to his car.

Admiral relied on the black-box information and recorded the incident as a possible claim – in case of any contact from a third-party claimant. Mr D's no claims bonus (NCB) was revoked. After six-months, with no contact from a third-party, Admiral reinstated the NCB. That was around the end of February 2018. However, Admiral later realised that the number of years for the NCB had needed to be input manually when the NCB was reinstated, which it hadn't done. It realised this in July 2018, after Mr C complained to us and our investigator became involved. Admiral wrote to Mr D confirming he had three-years NCB.

Mr D's policy with Admiral had been due to renew on 8 March 2018. But because he'd been unhappy about what was recorded following the data upload from the black-box in August, as well as the increased renewal price, he chose to look elsewhere for cover. The renewal price from Admiral was based on a zero-years NCB. As were the prices for all other cover Mr D looked at. The quoted cost for new cover was nearly £5,000. Mr D felt unable to take out insurance, parked his car on his drive and began to use public transport and taxis. He believed the cost of cover was linked to the claim Admiral had recorded against him following the August data upload.

After Admiral amended the number of years of NCB and confirmed this to Mr D, he arranged new insurance cover. Our investigator told Admiral that whilst it had resolved the cause of the problem for Mr D, it should pay him compensation for loss of use of his vehicle as well as for the distress and inconvenience its error had otherwise caused. He said, in total, it should pay £1,300.

Mr D accepted the findings. Admiral said it wasn't fair because it had acted in line with procedure – logging a claim in case of third-party interest and reinstating the NCB once a suitable time period had passed. By that point though Mr D had said he wasn't renewing and so there'd been no need for it to re-price its renewal offer. And Mr D had taken his cover elsewhere for reasons other than price. Therefore, Admiral said it didn't think it should have to compensate Mr D for loss of use of his vehicle. But it said it would pay £100 compensation for distress and inconvenience.

As Admiral didn't agree the complaint was passed to me for consideration.

my findings

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

Whilst I accept that Admiral reinstated the NCB in February, it has admitted to this service and in a final response to Mr D, that it didn't, at that time, manually adjust the number of years logged against that bonus. From what I've seen that failure materially affected the price Mr D was offered for cover by both it and other providers.

Whether Admiral routinely sends clarification of reinstated NCBs or not, all it could have sent Mr D in February was information of an NCB of zero-years because that is what its system had recorded until our intervention in July 2018. Mr D couldn't afford to take out insurance without the benefit of the no claims years he'd built up. I understand that being without a car was costly and inconvenient for Mr D. It's only fair that Admiral compensates him for that.

I've seen detail about Mr D's mileage prior to mid-February 2018 (before his cover with Admiral ended in March 2018) and that for the period after, until mid-August 2018 after he'd found new cover. Despite having averaged 1,000 miles per month before February 2018, he only did a total of 1,342 miles in the six-months between mid-February and mid-August. I accept this evidence that he wasn't using his car during most of that six-month period.

The policy was due to renew on 8 March 2018 and Admiral confirmed to Mr D that he had three-years NCB (rather than zero-years) on 6 July 2018. That's 120 days. Our general awards for loss of use are rated at £10 per day.

I understand that at some time during his months without annual cover, Mr D did, on four occasions, purchase daily cover to enable him to maintain his car. I think that's reasonable and I don't think it materially changes the fact that, for several months he generally didn't have use of his car.

I accept that Mr D was generally frustrated, upset and worried during the period he had no insurance as well.

I'm satisfied that, in total, to make up for all of this, Admiral should pay Mr D £1,300 compensation. I believe this sum fairly makes up for the loss of use Mr D suffered and the general distress and inconvenience he was caused, all as a result of Admiral's error.

I know Mr D was originally upset about Admiral recording a claim against him following the data upload in August 2017. In that respect I think Admiral was entitled to rely on the information it had received from the black-box and I've seen no evidence other than Mr D's comments that suggests the box had malfunctioned. I also understand its general practice within the industry to record a claim where a third-party may be affected, until such time as this is shown not to be the case, or sufficient time passes to make it unlikely. That is what Admiral did here, closing the matter after six-months, when no third-party claim had been received. I have no issue with that. But that doesn't change the fact Admiral did fail Mr D regarding the NCB manual adjustment and I'm satisfied that, as a result, it fairly and reasonably needs to pay £1,300 compensation to Mr D.

my final decision

I uphold this complaint. I require Admiral Insurance Company Limited to pay Mr D £1,300 compensation for the loss of use he suffered as well as the general inconvenience its error caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 January 2020.

Fiona Robinson
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