Experience drivers risk losing decades of no-claims discount, due to industry practices

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Automotive PR and communications agency ‘loop’ tells us…

(Photograph and all words from loop).

- Car insurers are arbitrarily capping proof of no-claims discount (NCD), even for drivers with decades of claim-free history
- This practice can cause long-standing policyholders to lose years of recognised NCD when switching providers, leading to higher premiums
- Ombudsman guidance says insurers should provide proof of the full NCD a customer joined with, but few currently do so

Experienced drivers are at risk of losing valuable years of no-claims discount (NCD) through no fault of their own, due to a growing practice across the insurance industry that artificially limits the information provided in renewal documents.

When taking out a new policy, drivers are usually required to provide evidence of their NCD entitlement, typically in the form of the renewal letter from their previous insurer. However, insurers have begun limiting the number of years’ entitlement shown on these letters, meaning that drivers with decades of experience are being issued documents that effectively erase years of safe driving despite having never made a claim.

In simple terms, insurers award a percentage discount based on years of claim-free driving, but those are two distinct measures. The discount may stop increasing after a certain point, but the number of claim-free years shouldn’t.

Most insurers limit the percentage discount they apply after anything from five to nine years. But by tying proof of claim-free driving to these discount caps, drivers with decades of trouble-free motoring behind them may find that documentation issued at the end of their policy term reflects only the insurer’s maximum recognised NCD. As these caps vary between insurers, customers are increasingly finding themselves falling through the gaps that appear as they transfer from one provider to another.

As Alex Kefford, Head of Editorial at automotive communications agency, *loop*, explains:

"We've seen cases where a driver correctly declared 10 years' NCD to a new insurer, only to have it knocked down to five because that's all their previous provider's renewal letter showed. When the customer provided proof from the year before showing nine years' NCD – which combined with their renewal letter was clear evidence of 10 years' entitlement – the new insurer refused to accept it, saying it was 'out of date.' As a result, the customer was stung with a higher premium, despite a decade of claim-free driving."

"For older drivers, this practice can feel particularly unfair. Imagine having 30 years' claim-free driving behind you, only to find it downgraded to nine years at the end of the policy. That might not affect next year's premium, as even nine years is likely to attract the maximum saving, but some specialist and classic insurers do reward longer periods of claim-free driving. That makes the ability to transfer a driver's full no-claims history when moving to a new provider critical."

To understand how widespread this issue is, we contacted a range of insurers to ask how they document long-standing NCD. Their responses, as well as publicly available information, reveal a patchwork of practices:

- Admiral confirmed that they issue renewal documentation reflecting a customer's full historical NCD.
- Aviva states in their policy documents that they will provide evidence of up to 15 years.
- Hastings Direct say on their website that NCD is unlimited, but anecdotal evidence from customers suggests they will only provide proof of nine years.
- The AA takes a similar approach, and will refuse requests to provide a letter stating a customer's true no-claims entitlement.
- Ageas limit their proof to nine years, but suggest that reaching the maximum with one insurer will be matched by all others. For example, they claim that if you present their proof of nine years to an insurer whose maximum is 12, that insurer would assume you have 12. However, none of the insurers we spoke to would honour this.

The Financial Ombudsman Service (FOS) has published clear guidance on the matter, stating: "If a customer has a higher no-claims bonus than you'll accept, we'd still expect you to provide proof of the amount of no-claims bonus they came to you with – unless you'd always made it clear that you wouldn't."

None of the insurers we approached provide up-front warnings that they will refuse to accept a customer's NCD over and above their own maximum. These findings highlight a clear need for the insurance industry to standardise practices around NCD documentation that fully respect the histories of long-term, claim-free drivers.

"Given most insurers still rely on their customers to provide evidence of their NCD, getting it right seems like something that should have been settled years ago. However, our research shows that a worrying number of insurers are limiting documentation to an arbitrary maximum. This undermines transparency, particularly as customers often only find out after their policy has expired."

"Some insurers can confirm a customer's NCD electronically, but this risks making the process even more opaque, and may mean customers never receive tangible proof of their NCD."

"Perhaps it's time we came up with a better term than 'no-claims discount'. What actually gets transferred between insurers isn't a percentage or monetary saving – it's a number of claim-free years. Each provider applies its own scale to convert those years into a discount. Since years are the true unit of measurement, drivers should be able to accumulate them indefinitely. For an industry driven entirely by risk, it's surprising how little value some insurers place on decades of claim-free driving."

What Drivers Can Do

If you have a long-standing NCD, these steps can help ensure it is properly documented and preserved:

1. **Request proof at every renewal** – Ask your insurer for a certificate or letter confirming your full NCD, not just the maximum they apply for discount purposes.

2. **Keep copies of all correspondence** – Store renewal documents, confirmation letters, and any emails that reference your NCD. These can serve as evidence when switching providers. You may need to string documents together from multiple years to prove your full entitlement, although many insurers say they will only accept documents issued in the last 24 months.
3. **Check before switching insurers** – Different insurers recognise different maximum NCDs. Make sure your full history is documented before moving to a new provider.
4. **Highlight your long-term NCD** – When getting quotes or providing proof, explicitly state your full historical NCD and ask the insurer to note it in your policy records.
5. **Escalate if needed** – If an insurer refuses to provide proof of your full NCD, escalate the issue to the Financial Ombudsman Service (FOS), citing their guidance on recognising higher NCDs than a company may accept.