

## **The complaint**

Miss T has complained that Sabre Insurance Company Limited cancelled her motor insurance policy due to a misrepresentation of its year of manufacture.

## **What happened**

Miss T bought a new car in 2019 and took ownership of it in February 2020. She then took out a motor insurance policy with Sabre through an online price comparison site. When Sabre verified the policy details, it found that the car was a 2020 model rather than a 2019 model as stated in Miss T's application. It said the risk was unacceptable and it cancelled her policy and returned her unused premiums.

Miss T brought her complaint to us and our investigator thought it should be upheld. He didn't think there had been a misrepresentation. And so he thought it was unfair for Sabre to cancel Miss T's policy. It wasn't able to reinstate it, but he thought it should remove any records of the cancellation and pay Miss T £100 compensation for the trouble and upset the cancellation caused her.

Sabre didn't respond to the investigator and so the complaint has come to me for an ombudsman's decision.

## **What I've decided – and why**

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

I think the relevant law in this case is The Consumer Insurance (Disclosure and Misrepresentation) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes - as a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. One of these is how clear and specific the insurer's questions were. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless or careless.

If the misrepresentation was reckless or deliberate and an insurer can show it would have at least offered the policy on different terms, it is entitled to avoid the consumer's policy. If the misrepresentation was careless, then to avoid the policy, the insurer must show it would not have offered the policy at all if it wasn't for the misrepresentation.

Sabre thinks Miss T failed to take reasonable care not to make a misrepresentation when she stated in her application via a comparison site that her car was a 2019 model. I understand that Miss T was told this by the dealership where she bought the car new. But the car was registered with the DVLA, presumably by the dealership, as a 2020 model.

So I've looked to see whether Miss T was asked a clear question about the car's year of manufacture when she took out her policy.

Sabre said that customers usually enter their car registration into the online application form and then the relevant details are populated automatically. It said Miss T told it that she had to enter the individual details about the car, including the year of manufacture, as the registration number could not be found.

I've seen a screenshot of the page where Miss T would have had to input the car's make, model and year. But I haven't seen the questions she was asked or any prompts or guidance that may have been provided. And I can't see what Miss T actually entered herself and what was populated automatically.

So I'm not satisfied that Miss T was asked a clear question about her car's model year. In any case, if Miss T inputted the information she was provided by the dealership, as Sabre has told us, then I think she took reasonable care not to make a misrepresentation. And in that case I can't say that Miss T made a misrepresentation and I think it was unfair for Sabre to then cancel her policy.

Sabre has provided evidence from its underwriters to show that it wouldn't have offered cover to Miss T if her car was a 2020 model. But I also note that there is a dispute between the dealership and the DVLA about the car's year of manufacture. And Miss T has been unable to obtain insurance elsewhere for the car with the details on the DVLA database.

While I think Sabre unfairly cancelled the policy as, under CIDRA, no misrepresentation took place, I don't think Sabre is responsible for Miss T being unable to obtain cover elsewhere.

Therefore, I'm not satisfied Sabre was entitled to cancel Miss T's policy in accordance with CIDRA. And – as CIDRA reflects our long-established approach to misrepresentation cases, I think not allowing Sabre to rely on it to cancel Miss T's policy produces the fair and reasonable outcome in this complaint.

Sabre can't offer Miss T a policy, but I think to restore her position, it should remove records of the unfair cancellation. And I think it should pay her £100 compensation for the trouble and upset the unfair cancellation has caused.

## **Putting things right**

I require Sabre Insurance Company Limited to do the following:

1. Remove records of the policy's cancellation from any internal and external databases where it's been recorded.
2. Pay Miss T £100 compensation for the distress and inconvenience caused by its unfair cancellation of her policy.

## **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Sabre Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 29 September 2021.

Phillip Berechree  
**Ombudsman**

