

## **The complaint**

Mr S has complained about Watford Insurance Company Limited's decision to decline his claim under his motor insurance policy.

## **What happened**

Mr S took out a policy with Watford through and an insurance broker in April 2019. He then changed the car insured under the policy in May 2019. This car was involved in an accident in August 2019. Watford investigated the claim and declared the car a write-off. However, they said the car had been modified. And, because Mr S hadn't told them about the modification, they declined his claim. Mr S complained to Watford, explaining that all he'd done was add a sticker to the front grill of the car, which he didn't consider was a modification. Watford rejected Mr S's complaint, as they were satisfied he'd breached the following policy condition by not telling them about the sticker.

### ***You must tell Us about the following beforehand:***

- *If You intend to change Your Car or its registration number.*
- *If You intend to change what You use Your vehicle for.*
- *If You want to include other drivers or intend to change the main driver.*
- *If You intend to modify Your Car from the manufacturer's standard specification.*

*Modifications include optional extras and any changes to bodywork; these include but are not limited to:*

- *Changes to the bodywork, such as spoilers or body kits.*
- *Changes to suspension or brakes.*
- *Cosmetic changes such as alloy wheels.*
- *Changes affecting performance and/or handling, such as changes to the engine management system or exhaust system.*
- *Changes to the audio/entertainment system.*

*Please be aware that this is not a full list of all possible changes. All changes made from the manufacturer's standard specification must be disclosed. This Policy does not cover any non-standard parts (modifications). Manufacturer's optional extras are only covered if they have been declared and We have agreed to arrange cover for them.*

*If You make a claim for loss or damage to Your Car, We will only pay the cost of replacing parts needed for Your Car to meet the manufacturer's standard specification. Failure to notify Us of a modification may result in Your Policy being cancelled or treated as if it never existed, or in Your claim being rejected or not fully paid.*

Mr S asked us to consider his complaint about Watford. When Watford provided their file on the complaint, they said that had Mr S told them about the sticker they wouldn't have continued with the policy. They also mentioned some other concerns they had about the details Mr S had provided about his car and the circumstances giving rise to his claim.

One of our investigators assessed Mr S's complaint. He suggested Watford should reconsider Mr S's claim. This was because he didn't think Watford were entitled to rely on the abovementioned policy condition, as Mr S couldn't reasonably have been expected to realise that he needed to tell Watford about adding the sticker to his car.

Watford didn't accept the investigator's assessment and asked for an ombudsman's decision. They maintained that the policy condition they were relying on made it clear Mr S needed to tell them about modifications and that it should have been clear to him the sticker was a modification.

I reviewed the complaint and emailed Watford. I explained why I didn't think Mr S needed to tell Watford about adding the sticker to his car. This was on the basis that it did not represent a fundamental change to the risk they were covering. And therefore wasn't something it was reasonable to expect a consumer to declare during the term of an annual contract. Watford have now come back and said they don't agree with me.

### **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.

Not long after taking out the policy Mr S told Watford about his intended change in car. Watford agreed to cover Mr S's new car and changed the car insured under his policy. And I think Mr S did need to tell them about this, as it was a fundamental change to the risk Watford was covering. However, despite the abovementioned policy condition, I don't think Mr S was obliged to tell Watford before or after he added the sticker to his car. This is because, while I think it could be classed as a cosmetic change, it was not a fundamental change to the risk Watford were insuring. It was a minor change and – in my opinion – it is not fair for an insurer to expect a consumer to declare such a minor change, when the insurer has agreed to cover a car under an annual insurance contract.

I understand Watford's view that the sticker may have increased the attractiveness of Mr S's car to thieves, although I think this unlikely. And the fact they wouldn't have been willing to continue insuring Mr S's car if he had told them about the sticker. However, the sticker was not – in my opinion - a fundamental change in the risk they were covering. Therefore I don't think Mr S could reasonably be expected to tell Watford about it. This means I don't think it would be fair and reasonable for me to allow Watford to rely on the abovementioned policy condition to refuse Mr S's claim.

### **Putting things right**

In view of what I've said, I think the fair and reasonable outcome to this complaint is for me to require Watford to reconsider Mr S's claim without relying on the abovementioned policy condition.

### **My final decision**

For the reasons set out above, I've decided Watford Insurance Company Limited must reconsider Mr S's claim without relying on the abovementioned policy condition.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 October 2021.

Robert Short

**Ombudsman**