

The complaint

Mr B complains that Covea Insurance plc unfairly said his motor insurance policy was void and declined to pay a claim.

Where I refer to Covea, I include the insurance broker and others insofar as I hold Covea responsible for their acts and omissions.

What happened

Through a broker, Mr B took out a motor trade road risks policy for the year from early January 2020. The policy schedule gave his address in a city in the North of England.

The subject matter of this complaint is a large sports utility vehicle first registered in 2018. In late August 2020, Mr B agreed a price of about £28,000.00 and acquired the vehicle on finance. He asked the broker to add it to the policy. Mr B changed the registration number for one personal to him.

In September 2020, he reported that someone had broken into his house and taken his car keys and his car. Police recovered his car, but it had suffered damage.

Covea appointed an investigator to interview Mr B by telephone. By a letter dated 14 October 2020, Covea said the policy had been void from the start. Its letter included the following:

“The Statement of Fact declares that you are a part time self-employed Motor Trader involved in 100% car sales trading from your risk address [address in the East of England]. Your other occupation is declared as a self-employed property manager...”

Covea declined to pay the claim and it returned the premium Mr B had paid. Mr B complained to Covea. By a final response dated early December 2020, Covea turned down the complaint.

Mr B brought his complaint to us in February 2021. He said he had to pay £5,350.00 for repairs, and the cost of his insurance had trebled.

Our investigator didn't recommend that the complaint should be upheld. He thought that the actions Covea took were in line with the Insurance Act.

Mr B disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- He was – and is – self-employed in full- time property management.
- He has received part of the premium of £600,00 from the broker but not a full refund.
- He has never come across to the address in the East of England.
- It's not true that he's a full-time restaurateur.
- We should ask Covea to compensate him for the £10,000.00 he has lost.

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've taken into account the relevant law. If Mr B had been acting as a consumer, then Consumer Insurance (Disclosure and Representations) Act 2012 would've applied. As he took out a trade policy, Insurance Act 2015 applied.

In this decision, I name Covea, but I won't name any other company or individual.

From the policy schedule, I find that Covea had asked Mr B his motor trade occupation and he had said he was in car sales. Covea had asked Mr B about any other occupation and he said he was a property manager. He didn't mention a restaurant business.

After the investigator did the telephone interview, they drafted a statement for Mr B. It didn't mention the East of England. The statement included the following paragraphs:

*"4. I am self-employed full time as a Restaurateur and part time as a Motor Trader.
5. I am also a Director of [name] Investment Ltd and have been since 2017, this is a property management company.
...
20. I went out to work in the evening using my other car...
21. My business is a takeaway restaurant in [named city in the north of England].
22. ...
23. I got home at some time between 3am and 4am on 10th September 2020."*

From that, I find that Mr B had told the investigator that he had a takeaway restaurant business and that – on the night of the theft – he'd been working (in that business) until after 3:00 in the morning. Mr B hasn't suggested that he'd only recently acquired the takeaway restaurant business. So I find it likely that Mr B had – since at least early January 2020 – had a takeaway restaurant business in addition to his occupations in the motor trade and in property management.

I find that his answers in January 2020 were incorrect in not mentioning that takeaway restaurant business. As he must've known his own businesses – I consider that his answers were careless if not reckless as to the truth. So I'm not satisfied that Mr B made a fair presentation of risk to Covea.

Mr B denies knowledge of the address in the East of England. And Covea hasn't provided any "statement of fact" document. Apart from Covea's letter of 14 October 2020, I haven't seen any evidence that Mr B gave that address. I find it likely that Covea made a mistake in stating that address in its letter.

From its underwriting criteria, I accept that Covea wouldn't have offered Mr B a motor trade policy if he had told it that:

- he had more than one occupation in addition to his motor trade; or
- was self-employed in the business of takeaway food.

I accept that Covea has refunded the premium to the broker in full. I don't hold Covea responsible for any deductions the broker has made before passing the refund to Mr B.

Keeping in mind the Insurance Act, I don't find that Covea treated Mr B unfairly by treating his policy as void from the start. I don't find it fair and reasonable to direct Covea to alter that decision or to pay the claim or to do anything more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Covea Insurance plc to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 December 2021.

Christopher Gilbert

Ombudsman