

The complaint

Mr B's complained that Skyfire Insurance Company Limited cancelled his car insurance policy through no fault of his own.

All references in this decision to Skyfire include its appointed administrative agents.

What happened

Mr B applied for the policy via a comparison website in early May 2020 that was due to start the following day. He bought the policy to cover a car he was buying from a family member after replying 'Yes' when asked *'Are you (or will you be) the registered keeper and legal owner?'.*

Around a month later, Skyfire asked Mr B for further details because it became aware that he'd obtained a number of quotes using different details before buying the policy that he did. Over the course of the following weeks and months, Skyfire chased Mr B for the information it wanted, at various stages warning him that it would cancel the policy if he didn't provide the information it wanted.

At the end of August 2020, Skyfire cancelled the policy on the grounds Mr B had been careless in misrepresenting the facts when he answered the above question. It believed Mr B hadn't intended to become the registered keeper and owner of the car when he bought the policy and only answered as he did because he was unable to obtain cover when answering 'No' to the same question. Skyfire said its underwriting criteria meant he wouldn't have been able to take out the policy had he explained at the outset that his family member would remain as the registered keeper and owner.

Skyfire accepted it had incorrectly advised Mr B in one of its calls with him when it said the policy could continue even if his family member (and not Mr B) remained the car's registered keeper and owner. As compensation for the effects of the error, it offered to pay him £75.

Mr B eventually brought a complaint to us. One of our investigators looked into the complaint but didn't recommend that it should be upheld. The investigator was persuaded that the information relating to the car's registered keep and owner had been misrepresented to Skyfire as it had alleged. They felt it had acted fairly in cancelling the policy and providing a premium refund to Mr B (less an administration fee).

Mr B didn't agree with the investigator's findings. He accepted he obtained quotes using different details but that this was because he didn't yet own the car. He said he obtained a quote with the correct details once he'd decided to buy the car a short time later. Mr B also accepted he hadn't registered the car in his name straightaway because he'd forgotten to do so, partly due to his poor mental health. Mr B said he did eventually send off the registration documents only for them to get lost in the post. He then registered the car in his name online on becoming aware he could do so. He maintained that he answered Skyfire's question correctly and truthfully and said he didn't want compensation – he just wanted to be able to avoid having to tell other insurers he'd had a policy cancelled.

As the complaint couldn't be resolved informally by the investigator, it was passed to me to review afresh. I considered the complaint and issued my provisional decision in October 2021. In it, I explained why I intended to uphold the complaint. Essentially, I thought that Mr B hadn't misrepresented the information in question but rather had asked the question he was posed correctly. I asked Skyfire to remove any adverse entries on any fraud or internal databases regarding the unfair cancellation of the policy and to provide written confirmation, should Mr B require it, that his policy was cancelled unfairly. I also asked it to pay Mr B £100 – in addition to the £75 it had already offered him – as compensation for the upset and inconvenience its errors had caused him.

I gave the parties the chance to respond before I reconsidered the complaint. Mr B agreed with my decision.

Skyfire maintained that there had been a misrepresentation and that it had dealt with it correctly in line with the policy terms and conditions. It pointed to the fact that Mr B had tried to obtain a quote having (in its view) correctly declared that he wasn't the registered owner keeper before changing his answer in order to secure cover.

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.

Having done so, and after taking account of the responses to my provisional decision, I've decided to uphold the complaint. I'll explain why.

The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) potentially applies where a consumer answers one or more questions incorrectly in buying or renewing an insurance policy.

Where that's been established, it's important to go on and consider, for example, what type of misrepresentation was made and what the insurer would have done with the application had there been no misrepresentation.

In my view, Mr B's complaint largely boils down to whether that first requirement's been met – that is, whether he answered the relevant question incorrectly. If I find that it was answered correctly, then there's no need for me to consider the other aspects of CIDRA I've mentioned.

Given the importance of the question Mr B was asked in taking out the policy, I think it useful to set it out again below:

'Are you (or will you be) the registered keeper and legal owner?'

Mr B answered 'Yes'.

In the light of the context in which the policy was taken, and of the wording of the question itself, I think it would be reasonable to have replied as Mr B did in at least two scenarios. The first is if Mr B was already the registered keeper and legal owner of the car at the time of answering. Both parties accept that wasn't the case and that Mr B wasn't the registered keeper and legal owner at that time.

The second scenario in which I believe it would be reasonable to answer the question in the positive is where Mr B wasn't yet the registered keeper and legal owner of the car but that he would be.

I don't think it's contentious to say that there was a considerable delay between Mr B taking out the policy at the start of May 2020 and in him being confirmed by the relevant authority as the new keeper of the car in late August 2020. So, putting to one side for a moment how long it took and why, Mr B did become the registered keeper – and apparently legal owner – of the car.

The question doesn't put any time limits on when Mr B had to have become the registered keeper and legal owner. The only requirement in that regard seemingly was that he should do so *at some point in time*. I think if Skyfire required for that to happen within a certain length of time it could have been more specific in asking that. But it wasn't.

I don't think it was unreasonable for Mr B to have answered as he did. It's common for people to obtain quotes for, or to buy, car insurance before they've become the registered keeper *and* legal owner. Becoming a legal owner can occur quite quickly depending on the circumstances of the sale. But registering to become the keeper of a car must be processed by the relevant authority and can take weeks or even months depending on when and how it's done.

Mr B's car registration application was made and processed during the COVID-19 pandemic, during which time the relevant authority accepts that caused, and is still causing, '*ongoing processing delays with processing paper applications*' (quote from the authority's website).

When Mr B became aware he could also apply online, he did so and was ultimately confirmed as the new keeper of the car. He's provided evidence showing that.

Because I don't believe Mr B answered the relevant question incorrectly, I don't believe there was any misrepresentation despite what Skyfire's said previously and more recently. It follows that I don't think Skyfire was entitled to cancel the policy.

I also believe Skyfire's actions have had a negative impact on Mr B. He went to some trouble to challenge Skyfire's decision, making numerous calls and sending messages and emails. I understand Mr B wasn't in good health and that dealing with this hasn't helped. He's also been caused unnecessary worry in terms of securing insurance elsewhere following its cancellation of the policy. I think Skyfire should pay Mr B £100 as compensation for the upset and inconvenience caused by its handling of the matter and the consequences for him that followed. That's in addition to the £75 it had already offered him.

Putting things right

Skyfire should:

- Remove any adverse entries it might have placed on any internal or external databases in relation to Mr B and the policy and treat the latter as though it wasn't cancelled due to misrepresentation. If Mr B needs supporting evidence from Skyfire regarding its unfair cancellation of the policy in order to help him secure insurance going forward, Skyfire should provide it; and
- Pay Mr B £100 as compensation for the upset and inconvenience its actions have caused him, in addition to its existing offer of £75 made in relation to other errors.

My final decision

For the reasons given, I uphold this complaint. I require Skyfire Insurance Company Limited to put things right for Mr B as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 December 2021.

Nimish Patel
Ombudsman