

The complaint

Mr C complains that Watford Insurance Company Europe Limited mishandled a claim on his motor insurance policy.

Where I refer to Watford, I include claims-handlers and others insofar as I hold Watford responsible for their actions.

What happened

For the year from December 2019, Mr C insured a car with Watford. Mr C bought his daughter another car of which she was the registered keeper.

In October 2020, Mr C asked Watford to change the car insured on his policy. He took his old car off the policy and added his daughter's car.

For the year from December 2020, Mr C renewed the policy.

On 12 March 2021, the car was in an accident. A third party made a claim. At Watford's request, Mr C sent it the vehicle registration document V5. Seeing that it was in his daughter's name, Watford declined to cover Mr C. Mr C complained to Watford.

By a letter dated 6 April 2021, Watford gave notice that it was cancelling the policy with effect from 13 April 2021. By a final response dated 13 April 2021, Watford turned down the complaint.

By a letter dated 21 May 2021, Watford told Mr C it had been obliged to settle the third party's claim for their vehicle and associated costs, totalling nearly £3,000.00. Watford asked Mr C to reimburse it. Mr C brought his complaint to us a few days later.

In August 2021, Watford told Mr C that the third party had made an injury claim.

Our investigator didn't recommend that the complaint should be upheld. The investigator didn't think that Watford had done anything wrong.

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

- Originally, he purchased the car for his daughter.
- In 2020, he sold his car and temporarily replaced it with his daughter's car until he could buy another car.
- He made a single genuine mistake.
- He didn't update the log book.

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 including Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA").

I've looked carefully at the information Watford has provided about the online journey Mr C had when he changed the car on the policy to his daughter's car. From a screenshot, I'm satisfied that Watford asked Mr C who was the "Owner of the car" and separately who was the "Keeper of the car". I'm satisfied that those questions were clear. Mr C said that he was the owner and the keeper of the car.

But Mr C later said he had bought the car for his daughter and she was the owner. In any event, Mr C wasn't the registered keeper with DVLA. So Mr C had made misrepresentations.

He'd bought the car for his daughter. And he must've known that the V5 was in her name. So I'm not satisfied that he took reasonable care to avoid making misrepresentations that he was the owner and the keeper of the car. Indeed I find that his misrepresentation about the keeper was reckless as to the truth.

Most insurers will only insure a car of which the policyholder or a spouse is the owner and registered keeper.

So I accept Watford's statement that, if Mr C had said his daughter was the owner and registered keeper, Watford wouldn't have issued the insurance policy to Mr C. So I accept that Mr C had made "qualifying misrepresentations" under CIDRA.

As he'd made qualifying misrepresentations, I consider that CIDRA entitled Watford to treat the policy as having been void from the start. So I don't consider that Watford treated Mr C unfairly by declining his claim.

As Watford could've treated the policy as void from the start, I don't consider that Watford treated Mr C unfairly by sending a seven-day notice that it was cancelling his policy (and not following it up with confirmation of the cancellation).

As I've found a reckless misrepresentation, and as Watford had to deal with the third party's claim, I don't consider that Watford treated Mr C unfairly by asking him to reimburse its outlay. And I wouldn't expect Watford to refund any of the premium for the year.

In conclusion, I don't find it fair and reasonable to direct Watford to pay the claim or to reinstate the policy or to stop asking Mr C to reimburse its outlay.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 March 2022.

Christopher Gilbert
Ombudsman