

The complaint

Mr M complains that Covea Insurance plc unfairly declined a claim and avoided his commercial vehicle insurance policy.

What happened

Mr M's truck was stolen and then recovered so he claimed on his policy with Covea for the damage caused to his truck. When he claimed on the policy Covea said they discovered that Mr M's vehicle wasn't a van but in fact had a flatbed back to it, along with a beavertail and straps. Because of this Covea thought Mr M was using it as a recovery vehicle and said they don't insure them. So avoided his policy and declined the claim.

Mr M didn't agree and complained. He said he'd input the registration on a comparison site and gone with what was selected. He also said he said the vehicle had a flatbed rear which he had declared and that it had a load limit of 700kgs, so couldn't be used for a recovery vehicle.

Covea reviewed the complaint but didn't uphold it. They said they'd made an error in avoiding the policy due to the truck having a flatbed rear. However, they now said that Mr M hadn't declared the modifications to his truck. Covea said if Mr M had declared the modifications, they wouldn't have covered him. Because of this Covea said he'd made a careless misrepresentation, maintained the avoidance was fair and refunded his premium of £2,388.10. Covea also pointed out as the claim was for less than £1,000, Mr M wasn't financially worse off.

Mr M didn't agree and brought his complaint here. He said he hadn't modified the vehicle as he'd bought it from new and at that time and selected which back the vehicle had. He said as this was done by the manufacturer and before the truck was registered, he didn't agree it had been modified. He also said while he hadn't lost out financially, he now had to declare to future insurers about this policy being avoided.

I issued a provisional decision on this complaint on 27 May 2022 where I said:

"Since the complaint has come to us Covea have now said Mr M has selected the wrong vehicle to insure. Covea said Mr M insured an Iveco Daily 35S18 LWB 176 AGI whereas in fact his is actually an Iveco Daily 35C15 XLWB with modifications. Covea said if they'd know the correct model of truck then they wouldn't have provided cover as Mr M's was not a vehicle they covered at the time.

When Mr M bought his policy, he had a responsibility – under the Insurance Act 2015 (the Act) – to make a fair presentation of the risk. And for Covea to take any action at all it needs to show Mr M didn't do this and that he made what's known as a qualifying breach. Under the Act a qualifying breach is a breach for which the insurer has a remedy against the customer because they would either not have sold them the policy, or would have done so on different terms.

Mr M said he bought this policy online through an aggregator site and input the truck's registration number. He said the aggregator then prepopulated the truck's details and he selected flatbed as that was the closest option. Covea haven't provided anything from the initial sales channel to show Mr M input the incorrect details.

Covea have though provided the statement of fact which does list Mr M's truck as being an Iveco Daily 35S18 LWB 176 AGI. However, I'm also aware that this name is quite similar to Iveco Daily 35C15 XLWB. I'm persuaded by Mr M's account that the aggregator site prepopulated the truck's details, so I'm not persuaded Covea have shown Mr M didn't give a fair presentation of the risk.

However, even if I thought Covea had shown Mr M hadn't made a fair presentation of the risk, for Covea to take any action they need to show they would have either not insured Mr M or done so, but on different terms. Covea have provided evidence which they say shows they wouldn't have insured an Iveco Daily 35C15 XLWB. I've reviewed this but I'm not persuaded by it, I say that because the evidence Covea have provided is an internal email which doesn't show the person writing it is qualified to say which vehicles Covea would or wouldn't cover. I'm therefore not persuaded Covea have shown they wouldn't have covered Mr M's truck.

I've also considered the point Covea raised about modifications not being declared. Again, without seeing anything from the initial sales channel I'm unable to see what information Mr M was asked for. However, I have noted on the statement of fact it says:

"Has the vehicle been modified or altered from the makers specification including body kits, alloy wheels, spoilers, engine, suspension etc."

Next to this it says "No". So while I agree Mr M hasn't declared any modifications, he's also said he didn't modify the truck. Mr M says the back of the trucks are selected by the purchaser as these vehicles can have different backs put on them. The chosen back is then put on along with any other options selected and once this has been done the truck is registered and sold.

This is quite common for these types of vehicles too, as there is a selection to choose from when purchasing one new. Mr M purchased his new and has provided the documents to show this. I'm therefore not satisfied Covea have shown that he's modified it by the back he's chosen to have put on from new. So, it follows that I'm not persuaded Covea have shown Mr M didn't give a fair presentation of the risk when he said it hadn't been modified.

As Covea haven't done enough to persuade me Mr M didn't make a fair presentation of the risk or that they would have done anything differently. It follows that I'm not persuaded Covea treated Mr M fairly and reasonably by declining his claim and avoiding his policy. However, as Covea have already chosen to refund the premium I'm not going to interfere with their choice to do that. And as the repair was less than the premium Mr M was refunded, I'm satisfied it's fair and reasonable for him to keep the refund to cover the repair cost and the unnecessary distress and inconvenience Covea has caused.

The impact Mr M does have though is that he has an avoidance recorded which he needs to declare to future insurers, if asked. Therefore, to put this right Covea needs to remove any record of the avoidance from internal and external databases. They should also provide Mr M with a letter to explain that Covea incorrectly avoided Mr M's policy so he can provide this to future insurers if needed."

Covea responded and accepted my provisional decision. Mr M responded and said he'd had to pay more for insurance on his other vehicles and therefore thought Covea should pay more compensation for this.

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 considered Mr M's comments but I'm not going to tell Covea to pay any more compensation. I say this because I'm satisfied the refund of premium is enough to compensate Mr M for the unnecessary distress and inconvenience Covea have caused. Also, as Covea will be providing Mr M with a letter to say the policy was incorrectly cancelled/avoided, he will be able to provide this to his other insurers and ask them to re-calculate his premium on the correct information. I'm therefore not going to tell Covea to cover the additional amount he's paid for his other insurance policies.

My final decision

For the reasons explained above and in my provisional decision, my final decision is that I uphold this complaint. I require Covea Insurance plc to:

- Not recover the refund of premium given to Mr M
- Remove any record of the cancellation/avoidance from internal and external databases
- Provide Mr M with a letter saying Covea Insurance plc incorrectly cancelled/avoided Mr M's policy

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 August 2022.

Alex Newman
Ombudsman