

## **The complaint**

Mr S says Calpe Insurance Company Limited unfairly cancelled his motor insurance policy and didn't pay a claim he made on it, due to fraud.

## **What happened**

Mr S says he arranged for a mechanic to collect his car on 19 January 2021 to take it to a garage for an MOT assessment. Shortly after collecting the car, the mechanic called Mr S to say he'd parked it on the road whilst he collected some food and it had been damaged by another car. The other driver left a note with his details. As it was a non-fault claim, Mr S initially used the services of an accident management firm. It said it would provide a hire car and would contact the other driver's insurer. Delays followed, initially as the other insurer couldn't locate the other driver. In March 2021 Mr S made a claim on his own policy.

Subsequently, Mr S was told by his finance provider that Calpe had decided to write off his car. Mr S wasn't happy, but he wanted the claim to be finalised quickly, to pay off the finance on the car. In June 2021 he complained to Calpe about its claims-handling.

Calpe responded to the complaint on 10 August 2021. It said Mr S had claimed on the policy in March 2021 after it told him the other insurer had concerns about the incident and was unable to cover the damage to his car. Calpe said it had instructed an engineer to inspect the car and an investigator to interview Mr S. Mr S was sent a copy of the engineer's report in July 2021 which set out why the car was an economic write-off. Calpe said the claims investigator had concerns about the incident in January 2021. It didn't accept that there had been any undue delay whilst it investigated the claim and said its enquiries were continuing.

Shortly after that, on 14 August 2021 Calpe told Mr S the policy had been cancelled, as he'd provided false information in relation to the claim. It said he'd breached a policy condition that entitled it to cancel or avoid the policy and decline any claim. Mr S asked for further details, but he didn't get a response. Meanwhile, he had temporary repairs done on the car, but he says as a result of the write-off its market value dropped a lot, so he couldn't sell it.

One of our investigators reviewed Mr S's complaint. She didn't think Calpe had caused any delays - and she thought the total loss decision was correct. But she thought Calpe had acted unfairly in declining the claim and in cancelling the policy. In her opinion, it hadn't shown that Mr S had made a false or fraudulent claim. She said Calpe should reconsider the claim and deal with the total loss settlement, paying interest as appropriate. She also said it should pay Mr S £200 compensation for distress and inconvenience.

Calpe said the incident was contrived and that the damage to the car didn't fit with the accident circumstances. It said the mechanic didn't take a direct route to the garage and that Mr S hadn't provided an invoice as requested. The investigator said Calpe hadn't provided evidence of Mr S acting fraudulently, or evidence of the damage being inconsistent.

As there was no agreement, the complaint was passed to me for review.

## **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 don't think there were undue delays in the claims-handling, and I think the decision to write the car off was reasonable. I appreciate that Calpe has concerns about the incident in January 2021, but as far as I can see, it hasn't shown that it has evidence to support those concerns, as far as Mr S is concerned. The other insurer's concerns are about someone else, and there doesn't seem to be any evidence of a link between that person and Mr S.

Calpe's investigator thought Mr S was credible and reliable. And although the report said he had concerns about the incident, he didn't say in what respect he thought Mr S may have acted fraudulently or provided false information. Mr S was only able to give the investigator a partial account of what happened, as he couldn't comment directly on what occurred after the mechanic took the car away. He reported what the mechanic had told him, which I think was all he could be expected to do. There's no evidence that Mr S knew the mechanic wasn't going to take the car straight to the garage. And it seems the mechanic wasn't interviewed, nor was anyone from the garage where the MOT was to be carried out.

Calpe says it can't pay fraudulent claims - and we wouldn't expect it to do so. But fraud is a serious matter, with significant consequences for a consumer. So we expect to see clear and persuasive evidence for an insurer's decision. I don't think Calpe has shown that Mr S said anything he knew to be false in relation to the incident, or even that he was reckless about whether anything he said was false. He hasn't been asked to comment on any particular issue that's of concern to Calpe, and I haven't seen anything that shows the damage to the car was inconsistent with the reported accident. In these circumstances, I don't think Calpe can rely on Mr S having breached the policy term that allows it to cancel the policy and decline his claim. So, based on the details I've seen, I don't think it has acted reasonably.

In order to put matters right, I think Calpe needs to reconsider the claim, in line with all other policy terms and conditions. If a total loss settlement is paid, it should add interest to the settlement sum. It should also remove any cancellation or fraud markers from databases. And as Mr S has been inconvenienced as well as distressed by Calpe's decision, I think it would be fair and reasonable for it to pay him £200 compensation. Mr S says his premiums have risen significantly, but his insurer may adjust the premium and provide a partial refund once any markers are removed.

## **My final decision**

My final decision is that I uphold this complaint. I require Calpe Insurance Company Limited to do the following:

- Reconsider the claim, in line with all other policy terms and conditions
- If a total loss settlement is paid, add interest to it, at the simple yearly rate of 8%, from the date the claim should have been paid in 2021 to the date of settlement
- Remove any cancellation and fraud markers from internal and external databases
- Pay Mr S £200 compensation for distress and inconvenience

If Calpe thinks it's required by HM Revenue and Customs to withhold income tax from the interest, it should tell Mr S how much it has taken off. It should also provide a tax deduction certificate if required, so he can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 June 2022.

Susan Ewins  
**Ombudsman**