

The complaint

Mr S complains Haven Insurance Company Limited unfairly avoided his commercial vehicle insurance policy for fraud.

What happened

Haven contacted Mr S as a third party had said one of the cars covered by Mr S's trade policy had been involved in an accident with another car. Mr S initially disputed the car belonged to him and said no one except him had access to his login details for the Motor Insurance Database (MID).

Mr S then spoke with his business partner and discovered he'd bought the car and added it to Mr S's MID record. However, Mr S disputed the car had been involved in the accident as he had CCTV footage of it at the time parked outside his business partner's house. He also said it wasn't possible to have driven to the scene of the accident when looking at the mileage the car had done when he bought it and the mileage it had now.

Haven said there was CCTV footage showing his car reversing into the third party's car. They also said as he'd initially denied owning the car and said no one else had access to his MID they voided his policy from the date of the fraudulent information given by Mr S.

Mr S disputed this and complained. He said in addition to the CCTV footage of it outside his business partner's house, he also had an engineer inspect his car who confirmed it hadn't been involved in a recent accident. Mr S asked Haven for the dash cam footage of the incident. After some time, Haven sent this to Mr S. Upon reviewing the dash cam footage Mr S pointed out differences in the car, this included different wheels, badges and number plate surrounds. Upon reviewing the discrepancies Haven agreed the car had been cloned and disputed the third party's claim.

Mr S complained that his policy had still been voided after Haven accepted the car was cloned. Haven stood by their position for avoiding his policy and said that upon reviewing how the policy had been used they didn't think they'd acted unfairly by voiding his policy.

Mr S didn't agree and referred his complaint here. I issued a provisional decision on this complaint on 23 August 2022 where I said:

"The term Haven have relied upon to avoid Mr S's policy says:

"Fraud

1. If you or anybody insured by this policy makes a claim knowing it to be fraudulent, false or exaggerated, provides false documents or makes false statements in support of a claim, this insurance will be void and all claims forfeited."

When Mr S was initially asked about the car in question, he denied owning it and said no one else had access to his MID. He then called up a few days later and explained that his business partner had bought it and added it to MID.

While I agree the information Mr S gave in the initial call wasn't correct, I'm not persuaded Haven have done enough to show Mr S knowingly made false statements or was fraudulent. I say this because Mr S called up a few days later and corrected the information he'd given after speaking with his business partner. In addition, it's not fair and reasonable for an insurer to decline a claim for fraud if the fraudulent statement doesn't provide a benefit Mr S wouldn't otherwise have had. In this case even if Mr S did knowingly say it wasn't his car, to get out of being liable for the claim, as it turned out the car was cloned so it would never have been a valid claim on his policy. So, it follows I'm not persuaded Haven have acted fairly by avoiding the policy for fraud.

Haven therefore needs to remove the avoidance for fraud and any fraud markers from any internal and external databases.

I've noted that during the course of the claim Haven raised some other concerns with how the policy has been used. This isn't enough to show it's fair and reasonable for Haven to avoid the policy for fraud and as Haven haven't relied on another term to avoid or cancel Mr S's policy I'm not going to comment on these further."

Mr S responded and said in the initial call he'd had he wasn't sure it was his insurer he was speaking with and that is why he responded how he did. He also said the voidance of his policy had caused issues in him getting insurance elsewhere.

Haven responded to say I'd misunderstood the reason for voidance, and it was actually because the car on Mr S's policy belonged to his employee. For that reason, they didn't think they'd acted unfairly by voiding his policy as they said Mr S had breached the policy terms by putting an employee's car on his trade policy.

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.

In response to Mr S's comments I would like to assure him that I'd listened to the initial call and could tell he was unsure about who was calling him. In regards to finding it difficult to get insurance elsewhere, if the difficulties in getting insurance is due to Haven voiding his policy for fraud, then he will be able to ask those who have quoted to re-rate the quote taking into account Haven shouldn't have voided his policy for fraud.

Haven have said that in the final response letter they explained that they'd identified that Mr S had insured a car which didn't belong to him. However, while I accept that in their final response Haven pointed out that the car didn't belong to Mr S. In Haven's letter which gave the reasons for the voidance they said his policy was voided due to him giving false statements and refers him to the fraud term in the policy, which I've quoted above. Haven then said in the final response letter they maintained their position to void his policy which indicates it was for the same reason previously given, which was for providing fraudulent information.

I haven't seen anything to persuade me that Haven let Mr S know they would also have cancelled his policy due to having an employee's car on it, so I don't think that forms part of this complaint and therefore I'm not going to comment on it further. If after removing the voidance for fraud, Haven then records the policy as cancelled due to Mr S having a car on it which belonged to his employee. And Mr S does wants to complain about Haven cancelling his policy due to him insuring a car which didn't belong to him, that would need to be dealt with separately.

My final decision

For the reasons explained above and in my provisional decision, my final decision is that I uphold this complaint. I require Haven Insurance Company Limited to remove all records internally and externally for the avoidance of fraud and remove any fraud records made internally or externally in relation to this claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 October 2022.

Alex Newman
Ombudsman