

The complaint

Mr P complains Covea unfairly cancelled his motor insurance policy and declined his claim.

What happened

In June 2020 Mr P's Covea motor insurance renewed. In April 2021 his vehicle was stolen. He claimed on his policy. But Covea retrospectively cancelled his policy from October 2020. That meant there was no cover in place at the time of loss, so his claim was declined.

Covea says Mr P modified the vehicle after taking out the cover – converting it from a standard van to a camper van. It says he had an obligation to inform it of the changes but failed to do so. It said if he had, it would have cancelled the policy. Therefore it has no liability for the loss.

Mr P complained to Covea. He said the changes didn't qualify the van as a camper van according to DVLA requirements. But Covea stuck with its original decision. Mr P referred his complaint to this service. He wants Covea to settle the claim.

Our investigator didn't think Covea had acted unfairly by cancelling the policy and not dealing with the claim. Mr P didn't accept that, so the complaint was passed to me.

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.

When the policy was taken out the statement of fact declared the van had no modifications from the manufacturer's original specification. It also explains that Mr P must notify Covea of any changes to the information in that statement. Mr P's policy terms also require him to tell the insurer if anything changes from the details set out in the statement of fact.

The policy document lists modifications from the manufacturer's original specifications as something Mr P is required to notify Covea of. It says modifications '*includes but isn't limited to optional fit extras, wraps, signwriting, alloy wheels, bodywork....*'

I'm satisfied the policy features a change in risk term and it was explained to Mr P at the start of the policy. He's explained that after the policy started, an additional window was fitted to the van. He also had a fixed seating/sleeping area installed along with permanent storage facilities.

Mr P's said the changes shouldn't be considered as modifications from the manufacturer's original specification. He's referred to them not meeting DVLA criteria for changing registration records to a 'motor caravan'. I accept he may be correct on this – however I still think it's fair to describe the additional window as a modification to the bodywork. So it would have been reasonable for him to have informed Covea in line with the policy terms.

According to Mr P he told his broker about the changes in a phone call before the policy started in June 2020. However Covea denies there was a phone call – it says instead the policy auto renewed.

I can't say for certain either way. But I haven't seen enough to persuade me Covea was told of the changes by Mr P or his broker. If he thinks the broker made a mistake he could consider raising a separate complaint.

I've considered what Mr P's said about finding it difficult to understand written communication. But having communicated with him verbally and in writing I think he most likely would have been able to understand the requirement to notify Covea of any modifications to his vehicle.

Had Mr P informed Covea of the modification I'm satisfied it would have cancelled his policy. It would most likely have asked further questions about modifications at the point Mr P told it about the window and then been told the full details of the changes he's made to the van. Having seen the relevant part of Covea's underwriting criteria I'm persuaded it would have found the new risk the van presented to be unacceptable.

So Covea would have made a mid-term change to the policy by cancelling it. But this service feels it only fair for insurers to alter the terms of a policy (including cancelling it) do that when the nature of the risk changes fundamentally.

Whilst the van may not have met DVLA criteria to be classed a motor caravan it still had the various additional features. These seem likely to change its value and risk of theft. In addition, its use changed. It was insured for transport but was now regularly being used as accommodation. So I think it's fair to say the nature of the risk changed fundamentally, meaning it was fair for Covea to retrospectively make the mid-term change

I realise this will be a great disappointment to Mr P, but it means I'm not going to interfere in Covea's decision to cancel his policy and decline the claim.

My final decision

For the reasons given above, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 November 2022.

Daniel Martin
Ombudsman