

## **The complaint**

Mr O has complained about his car insurer Watford Insurance Company Europe Limited because it cancelled his policy, believing it had been fraudulently set up.

## **What happened**

Mr O moved home in November 2021. In January he arranged cover for his car with Watford. In February Watford received information which made it think the policy had been set up fraudulently. Watford wrote to Mr O, asking him to show proof of his address – a bill or bank statement dated within the last three months. Mr O provided that detail, Watford wasn't happy with it – but didn't tell Mr O so, or ask him any further questions. Watford cancelled Mr O's policy. Mr O complained to us.

Our Investigator felt Watford had needed to respond to the fraud concerns – but that it hadn't adequately investigated them. Our Investigator felt that, as such, Watford had acted unfairly and unreasonably when cancelling the policy. So she said the record of Watford's cancellation should be removed, it should provide a letter explaining the cancellation had been a mistake, refund the £75.00 cancellation fee Mr O was charged and pay him £200 compensation for the upset caused.

Mr O was satisfied with the outcome. Watford agreed to our findings in part. But said it wouldn't say the cancellation had been a mistake or pay compensation. Watford said that was because it felt it had acted reasonably at the time given the details it had.

## **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.

Having done so, I find I'm in agreement with our Investigator's findings. I think Watford acted unfairly and unreasonably here. Which means it should put Mr O, as closely as possible, back to the position he'd have been in, but for its unfair and unreasonable actions, and pay him compensation.

Watford, as does any insurer, will look to act when any detail is received that suggests that a fraud has occurred. That is entirely reasonable. And I have absolutely no issue with Watford having sought further detail from Mr O, or even in it advising that if this was not received that the policy might be cancelled. The problem I have with what Watford did was that it received the detail requested, and then cancelled Mr O's policy anyway, without further notice or recourse to Mr O.

I know Watford says that the proof received was not enough – but that being the case it was for it to go back to Mr O and tell him that. Watford says that Mr O never explained to it that the bill he sent was his final bill from his old address, sent to his new address. But Watford didn't ask Mr O to explain any information he provided – it just asked for a bill, dated within the last three months, showing the current address. And that is exactly what the bill Mr O sent it did. And Mr O was not to know that this particular bill was not acceptable to Watford

because it was a final bill showing usage and costs for his old property. So I think it's reasonable that he just presented the bill without any explanation. In any event, it is quite normal for the last bill to be sent to the new property – it usually hasn't been created when the address changes because the user can't give their last meter reading until they move out. I'd expect Watford to know that and, therefore, the reasonable reaction for it would have been to ask Mr O for more detail, not see it as corroborating proof that a fraud has likely occurred and cancel the policy.

I'm satisfied that, if Watford had asked Mr O for more proof he'd have provided it. I know Watford is critical of the bills Mr O has recently provided – stating they wouldn't have been available at the time it cancelled the policy. But they do link Mr O to the property around the time the policy was arranged – and that satisfies me that if Watford had acted reasonably to ask Mr O for more detail in February 2021, he'd have been able to give that. Not the bills recently provided – but he could've obtained confirmation from the energy provider that he was the bill payer. There would likely have been other detail he could have provided too. The point here is that Watford, unfairly and unreasonably, did not give him the chance to do so.

Because of Watford's unfair and unreasonable actions Mr O was accused of or linked to a fraud and his policy was cancelled. He was charged a cancellation fee and suffered distress and inconvenience. So Watford needs to do what it can to put that right. In this case I think that fairly and reasonably includes a payment of £200 compensation.

### **Putting things right**

I require Watford to:

- Amend its own and any industry records to show it did not cancel Mr O's policy and, likewise, ensure no 'fraud' is logged against him by it in respect of this incident.
- Provide Mr O a letter he can show in the future if necessary, explaining the cancellation was enacted in error by it and that records have since been updated.
- Refund (or withdraw if Mr O hasn't paid it) the £75 cancellation fee Mr O was charged.
- Pay Mr O £200 compensation for the upset caused.

### **My final decision**

I uphold this complaint. I require Watford Insurance Company Europe Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 January 2023.

Fiona Robinson  
**Ombudsman**