

## **The complaint**

Mr and Mrs H complain that Covea Insurance plc unfairly voided their home insurance policy.

## **What happened**

In October 2022, Mr and Mrs H made a claim under their home insurance policy for a sewage leak. Covea arranged an inspection of the property to assess the damage but after some time, it declined the claim and voided the policy with a refund of premiums. It said it had discovered that Mr H had a County Court Judgement (“CCJ”) which he hadn’t disclosed.

Mr H raised a complaint about this decision and the time Covea took to make it. Covea maintained its decision on the basis that had it known about the CCJ, it wouldn’t have offered a policy to Mr and Mrs H. But it acknowledged that there had been failings in its customer service by way of a lack of communication and unreturned calls. It offered £150 compensation to recognise the impact this would’ve had when Mr and Mrs H’s home was inhabitable.

As Mr and Mrs H remained unhappy, they brought their complaint to our Service. But our Investigator didn’t uphold it. He was satisfied Covea hadn’t acted incorrectly or unfairly when making its decision, so he didn’t think it needed to do anything to put things right.

Mr and Mrs H disagree. They’ve told us:

- Mr H wasn’t aware of the CCJ registered against him in 2019 which is why it wasn’t disclosed. He’s made enquiries with the court to have this set aside but due to the cost of doing so, he hasn’t made an application as yet.
- They’ve auto renewed their insurance for many years and hard searches have been carried out on their credit files each time, so Covea would’ve been aware of the CCJ. But it provided insurance without any issues until a claim was made.

The complaint has been passed to me to decide.

## **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.

Mr and Mrs H took out their insurance through a broker, who I’ll refer to as “S”. From the information I’ve been provided, it appears that whilst they’ve auto renewed their insurance through S each year since approximately 2016, the policy with Covea only started in September 2022. So it’s likely that previous policies through S were with another insurer(s).

On their renewal in September 2022, S sent Mr and Mrs H a letter with details of the new policy. It said:

*“Make sure you have the right policy*

*It’s important that you check your details and other documents enclosed to:*

- *Ensure that we have your most up to date information*
- *Ensure that the new policy still meets your needs*
- *Ensure that you’re happy with any excesses and endorsements that may have changed.”*

The letter encloses, among other things, the policy schedule and the statement of fact. On the statement of fact, it sets out the information Mr and Mrs H has provided about themselves and the insured property. Within that document, it says:

*“Information you have agreed to as part of the policy*

*No one who is permanently living in your home and insured by this policy has:*

- *been declared bankrupt or have any unsatisfied CCJ’s in the last 6 years.”*

I appreciate that when Mr and Mrs H answered S’ questions in 2016, this information would’ve been correct – as the CCJ wasn’t registered against Mr H until 2019. But from his policy renewal that year, I’m satisfied this information was no longer right or up to date. So he had an obligation to inform S of that and failing to do so is a misrepresentation of the risk he presents to his insurer, which – from 2022 – was Covea.

Mr H says he didn’t know about the CCJ. So I’ve thought about whether he took reasonable care to avoid making a misrepresentation and I don’t think he has. I say this because the CCJ had been registered against him for two years at this point and it would’ve been relatively easy for him to check his credit file to ensure that the policy information remained correct and up to date, rather than assuming it was. The renewal letter explained it was important that Mr H check the details and ensure they were correct.

Covea has provided us with its underwriting criteria. And whilst I can’t share this with Mr H, as it’s commercially sensitive, I can assure him that I’ve reviewed it and it’s clear that had Covea known he had a CCJ it wouldn’t have offered a policy.

As such, I’m satisfied it was fair for Covea to void the policy when it found out about the misrepresentation. And as this was most likely to be a careless misrepresentation on Mr H’s part – rather than a deliberate or reckless one – it’s appropriate for the premiums he’s paid since the renewal in September 2022 to be refunded.

Mr H believes Covea knew about his CCJ from a credit search it carried out, but offered a policy regardless. Covea says it only carries out a soft search for identification purposes only, but Mr H has provided a quote from the renewal letter which says hard searches will be carried out. He also says hard searches are on his credit file.

I’ve considered Mr H’s concerns, however the quote he’s provided from the renewal letter is from the “direct debit – pre contractual information” document. This document explains that as Mr H has opted to pay for his insurance on a monthly basis, he’s entering into a loan agreement with a finance provider. It’s the finance provider who carries out the hard searches, which it says are for an anti-money laundering assessment.

I haven’t been provided with any information, such as screenshots of Mr H’s credit file, to show me that Covea carried out a hard search which would’ve shown it that he had a CCJ. And I’m not persuaded that the finance provider would’ve shared any information it obtained with Covea. So I can’t fairly say it knew about the CCJ and offered the policy regardless.

### **My final decision**

Covea Insurance plc has already made an offer to refund the policy premiums and pay £150 compensation for its poor customer service. I think this offer is fair in all the circumstances.

So my decision is that Covea Insurance plc should refund the policy premiums paid from September 2022 until the policy was voided and pay £150 compensation. If it's for S to refund the premiums, Covea should ensure this is arranged.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 1 May 2023.

Sheryl Sibley  
**Ombudsman**