

## **The complaint**

Miss S complains that Eridge Underwriting Agency Limited (“Eridge”) declined a claim under her motor insurance policy.

## **What happened**

Miss S had a motor insurance policy with Eridge covering her vehicle, which is a “pick-up” type. She took out the policy using a price comparison website and via a broker, who doesn’t form part of this complaint.

Cover started in December 2021 and during the application process she described herself on the website as ‘self-employed’ and said her business was as an ‘Animal Breeder’.

In January 2022 Miss S was involved in a major incident with a third party, and her vehicle was severely damaged.

She made a claim and Eridge declined it. It said she had mis-declared her occupation as she wasn’t earning an income from animal breeding. It said she had made a careless misrepresentation and she should have said she was a houseperson, not in employment, or unemployed.

It voided the policy *ab initio* and refused to refund the premium as there was a third-party claim in progress.

Miss S brought her complaint to this service. Our investigator looked into it and upheld it. She said Eridge should reinstate the policy and consider the claim. It should issue a letter of apology and remove records of the policy being voided. She also said it should pay Miss S £500 for her distress and inconvenience.

Miss S agreed with the view, but Eridge didn’t. It maintained that it’d had no confirmation of Miss S’s self-employment, so it regarded her statement as a misrepresentation. It said it wouldn’t have covered Miss S if she’d disclosed that she was a houseperson or unemployed.

Because Eridge didn’t agree, this complaint has been passed to me to make a final decision.

## **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’ve read the file of evidence I’ve been provided and I can see that Eridge’s approach to Miss S’s claim has been very poor.

At the heart of this complaint is Miss S’s answer to the questions asked on the price comparison website about her occupation. I can see that she answered “Self-Employed” as an “Animal Breeder” in the trade of “Animal Breeding”.

It's Eridge's position that Miss S wasn't doing this activity. Our investigator asked Eridge to clarify what it meant by "Self-employed" but Eridge didn't have any further information to supply. It provided some information from the government website about what self-employment might mean.

Our investigator asked Miss S what information she might be able to supply to show she was self-employed. I've looked at this information and there is nothing in it to say that Miss S is NOT self-employed. I emphasise that point because Miss S has provided extensive anecdotal evidence about what she was planning to do with her business – which she was in the process of setting up.

For example, I can see that she was intending to breed from a dog, which typically come into heat every six months. I've thought about what this would mean, and I think it's fair to say that a business such as this starting from scratch would necessarily have a lengthy lead-in to generating an income. Certainly six months for the first litter, then weaning, advertising and selling. Although Miss S has extensive knowledge in this field, I think it's reasonable to say that most buyers would expect to see a track record in breeding from the animal before they buy its offspring.

All of this indicates to me that it's very likely Miss S was a self-employed animal breeder at the time she bought the policy and that she correctly disclosed that status to Eridge.

I don't think Eridge's rebuttal of this point is acceptable.

It hasn't shown me evidence to say what it would expect to see as proof of self-employment as part of its underwriting procedures. It's mentioned getting some suitable information, and timescales, but I don't think it's fair that it does this at the point of claim.

So it follows that I don't think Miss S misrepresented her occupation and Eridge hasn't acted fairly towards her.

In order to put things right for Miss S, I will require Eridge to put her back in the same situation she was before the incident happened. I can't ask that Eridge reinstate Miss S's policy as that may mean it backdates cover. But I can require Eridge to handle Miss S's claim under the remaining terms and conditions of her policy as if it existed.

I'm also requiring Eridge to remove reference to avoiding Miss S's policy from its own and any external databases. Having done this, Eridge should write to Miss S confirming this fact and telling her she does not need to tell insurers about the cancellation and avoidance in future.

Miss S has told this service about the distress she's suffered from both the incident and Eridge's handling of her claim. I can see that she continues to suffer from this and I'd like to offer my best wishes for the future.. She's also talked about the inconvenience of not having a vehicle and relying on friends and family for lifts for some considerable time.

Taking this into account, I think a suitable level of compensation is £500.

### **My final decision**

It's my final decision that I uphold this complaint. I direct Eridge Underwriting Agency Limited to:

- Handle Miss S's claim in line with the terms and conditions of her policy, as if it existed.

- Remove any reference to her policy being cancelled or avoided from its own database and any other databases it has updated.
- Write Miss S a letter confirming this has been done and that she does not need to declare the avoidance in future.
- Pay Miss S £500 for her distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 6 July 2023.

Richard Sowden  
**Ombudsman**