

The complaint

Miss R and her son Mr M complain that Liverpool Victoria Insurance Company Limited (“LV”) mishandled a motor insurance policy.

What happened

In mid-August 2022, Miss R took out a motor insurance policy with LV for the year from about 20 August 2022. It covered her as policyholder and Mr M as a named driver.

Miss R paid a deposit or initial instalment and agreed to pay ten further instalments starting in early October 2022.

By a letter dated 2 September 2022, LV said that it believed that Miss R had dishonestly provided false information, so it was cancelling the policy with effect from 9 September 2022.

It said it was retaining any premium she had paid. It also said the following:

“We’ll pass your details to agencies, which aim to prevent fraud and money laundering. Please note you may be required to tell your new insurers that we’ve cancelled your policy.”

Miss R complained to LV. LV sent a final response letter dated November 2022. It said that it had been within its rights to cancel the policy and retain the premium. It also referred to a phone call on 5 September as a result of which it had mistakenly refunded about £380.00, which it said it wouldn’t seek to recover.

After that final response, Miss R didn’t bring her complaint to us within six months.

From what she has said, Miss R was able to get a replacement policy from September 2022.

In about August 2023, Miss R says that her replacement insurer declined to renew the policy. After searching she concluded that she couldn’t get car insurance.

Miss R complained to LV that this was because it had unfairly recorded a fraud marker against her on a motor insurance database.

By a final response dated mid-September 2023, LV turned down the complaint. It said it wasn’t looking to remove the fraud marker.

Miss R brought her complaint to us without delay.

Our investigator said that she wouldn’t comment on whether the cancellation was fair or reasonable because that complaint hadn’t been brought to us in time.

Our investigator didn’t recommend that the complaint should be upheld. She thought that LV had a duty to provide accurate information to the relevant organisations.

Miss R and Mr M disagreed with the investigator's opinion. They asked for an ombudsman to review the complaint. She says, in summary, that:

- November 2022 was the first year that her son would have been able to drive as he had then recently obtained a driving licence.
- There was no way that a policy was ever going to be taken out without her as the driver. She would never have allowed her son to be the sole driver of this car. He denies any knowledge of searches.
- She took the policy out by telephone. The only mistake she made on the actual insurance policy was the statement that she'd had the car since 2013, which was when the car was made.
- She only had a few days to check the documents before LV contacted her about cancellation.
- LV said it would keep her deposit. So she had to argue more assertively that they had been unreasonable by cancelling their policy.
- She has always needed access to a vehicle.
- She is concerned with the fraud marker being removed so that she is able to continue to drive her car to feel safe and know that her child is safe.

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.

Scope of this decision

The first final response included the following:

"I'm sorry you're unhappy that your policy has been cancelled by our Crime Prevention Team (CPT) and also with the call you had with their manager..."

From that – and from what Miss R has said in response to the investigator's opinion – I conclude that Miss R did complain to LV in September 2022 that it had cancelled the policy.

Miss R told us the following:

"I decided that I was not going to log a complaint with the FCO as I did not want to prolong the impact this was having on me"

I consider that she meant that she had decided not to bring her complaint to us. So I can't say that there was an exceptional reason that, after the final response in November 2022, prevented her from bringing her complaint to us within six months. So I agree with the investigator that we can't consider her complaint about the cancellation.

On balance, I consider that her complaint in September 2022 didn't include a complaint about the passing of information to anti-fraud agencies. And when she complained to LV about that in August 2023, LV sent another final response. So I agree with the investigator that we can consider her complaint about the passing of information to anti-fraud agencies.

The passing of information to anti-fraud agencies

I've noted what Miss R has said about her particular need for a car. However, I can only direct LV to take steps to put things right if I first find that LV has done something wrong.

I accept that some consumers sometimes experiment using different combinations of information to obtain quotes.

However, at the time of taking out a policy, Consumer Insurance (Disclosure and Representations) Act 2012 places a duty on the consumer to take reasonable care not to make a misrepresentation.

In Miss R's case, LV noted that she had obtained quotes correctly giving the year of purchase of the vehicle as 2021. One of the quotes was for a policy in her son's name at an address that wasn't hers.

Yet LV noted that Miss R obtained another quote incorrectly giving the year of purchase as 2013. She called LV and bought the policy based on that incorrect information. LV noted that this had "*caused huge price difference*".

I accept that Miss R called LV back to correct the number of years of her no-claims discount.

LV's policy terms included the following:

"4. Misrepresentation, fraud, and financial crime. If you or anyone representing you:

- give us misleading or incorrect information to any of the questions asked when applying for or amending this insurance; we may:*
- cancel or avoid your policy (treat it as if it never existed), including all other policies you have with us and apply a cancellation charge.*
- pass details to fraud prevention and law enforcement agencies whose members may access and use this information. Other insurers may also see this information."*

Miss R has said that she made an honest mistake between the year the car was made and the year she bought it.

However, I don't consider that LV treated Miss R unfairly by concluding that, having previously given the correct date of 2021, she had then deliberately changed that to the incorrect date of 2013 and bought the policy on the basis of that incorrect information because it had produced a quote that was more favourable to her.

So I don't conclude that LV treated Miss R unfairly by providing information to certain anti-fraud agencies or databases.

I accept that Miss R had some unwelcome and difficult conversations with LV. However, I don't consider that there's enough evidence that LV was responsible for rudeness or that LV otherwise fell below a reasonable standard of service in the circumstances.

Overall I don't conclude that LV has done anything substantially wrong. I don't find it fair and reasonable to direct LV to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Liverpool Victoria Insurance Company Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Miss R to accept or reject my decision before 6 March 2024.

Christopher Gilbert

Ombudsman