

The complaint

Mr P (represented by Mrs P) says Watford Insurance Company Europe Limited unfairly rejected a claim he made on his motor insurance policy on the basis that it was false or exaggerated and that he'd delayed in reporting it.

What happened

Mr P was away from home on the night of 31 July 2022 with a local sports team. He left his car at home. A neighbour called him early in the morning to say she'd found it damaged at the roadside. The police were with her and spoke to Mr P. He says he can't recall the details of the conversation, as he was intoxicated. But the police recorded he'd said *he* was driving the car and had an accident in it, and that he'd left it to be recovered to a garage.

A month later, Mr P called the police to say in fact his car had been taken without his consent on 31 July 2022 by a friend ('Mr A') who was staying at his home address that night and that Mr A had caused the damage. He said he wanted the police to charge Mr A. Mr P then called Watford for the first time. He said the car had been driven without his consent and damaged by Mr A, and that the reason for not reporting the claim sooner was that he hoped he'd be able to deal with the damage privately.

Watford noted the police account of what Mr P had said to them initially and declined the claim. It said if a claim was made knowing it to be false or exaggerated, it wouldn't be dealt with - and that it had the right to cancel or avoid the policy. In addition, it said an incident should be reported to it within 24 hours, or any claim arising from it may not be valid.

One of our investigators reviewed Mr P's complaint. She said she didn't think Watford had shown that he made a false claim to it or exaggerated his loss. She didn't think his failure to report the incident and make a claim immediately was a sufficient basis on which to decline the claim either. She thought Watford should reconsider the claim, remove any fraud markers, and pay Mr P £300 compensation for distress and inconvenience. Watford asked for a review of the complaint by an ombudsman.

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.

Fraud

I don't think there's evidence that Mr P misled Watford by giving it details of the incident that he knew weren't true, or made a claim knowing it to be false. He told Watford from the start that his car had been taken without his consent and damaged by Mr A. In my opinion, the fact that Mr P had already given the police Mr A's personal details and had asked them to charge him supports the account he gave to Watford. I think it shows he supported the prosecution of Mr A, in line with the policy's requirement.

I don't think Watford has shown that Mr P tried to exaggerate the claim either. He didn't say

he'd had a greater loss than was the case – he just wanted it to deal with the damage caused to the car.

I appreciate that the record of Mr P's initial statement in the police report contradicted the account he provided to the police and to Watford later. And it doesn't help that he can't recall the details of his first conversation with the police. But I think the police report lacked clarity and could have been queried by Watford. Mr P couldn't have been driving the car at the time of the accident. It was found shortly afterwards near his home by a neighbour, who knew that Mr P was more than 50 miles away with his team mates. She told the police that fact – and Mr P's location at the time of the accident could have been confirmed by many others.

The police report refers to their having visited Mr A's home shortly afterwards, where they found Mr P's friends (who denied any knowledge of the incident). There was no explanation in the report of why the police went to Mr P's home when he was away. I think a query could have thrown up further relevant information (see below).

Late reporting of the claim

The policy says if an incident isn't reported within 24 hours, a claim may not be treated as valid. I think that restriction could have an unduly harsh impact on consumers in various situations, and I think it would do so in this case.

In my opinion, Mr P has provided a credible explanation about why he didn't contact Watford immediately. He didn't want to make a claim on the policy, as he thought the premium was already high – and he hadn't damaged the car. I think he should still have reported the incident quickly, but I understand why he didn't. He had to establish who damaged the car, as more than one person had stayed overnight at his house. Mr A accepted the blame for the accident and agreed to pay for the damage, so Mr P had the car taken to a garage and had to wait for a repair estimate. It seems Mr A later reneged on his promise to pay for the repairs, which caused further delay. In the circumstances I don't think it would be fair and reasonable for Watford to rely on the late notification to decline the claim.

Additional information

Since the investigator issued her view in September 2023, Mr P's neighbour has provided a statement. She says she saw Mr A and another male standing next to Mr P's damaged car at the roadside. She spoke to Mr A, who said he'd driven the car to get breakfast and had caused an accident. Another driver called the police, as the car was partially blocking the road. The neighbour had to leave the scene for a short time. When she returned, Mr A and his friend had gone, but the police then arrived.

Mr P's neighbour says she reported the conversation she'd had with Mr A to the police. She told them Mr A was away, but that Mr A and the other male were staying at Mr P's house. The police used the neighbour's phone to speak to Mr P. It seems her account is what led the police to visit Mr P's home shortly afterwards (where she spoke to them again). What isn't clear is why the police report doesn't refer to either conversation with the neighbour. We asked Mrs P why the neighbour only provided a statement recently. She said she, Mr P and the neighbour all thought the neighbour's conversations with the police would have been in the police report (which none of them has seen). When it became clear to them recently that it wasn't the case, they all wanted to clarify what had happened.

In summary

I think it's very unfortunate that Watford wasn't made aware of the neighbour's evidence, which seems to be the result of an omission or confusion on the part of the police. But even

without that evidence, I don't think it was fair and reasonable for Watford to decline the claim and cancel the policy. I don't think there's evidence that Mr P said anything to Watford he knew to be untrue, that he made the claim knowing it to be false, or that he exaggerated it. I think his delay in reporting the claim was ill-advised, but in my opinion, he provided a reasonable explanation for that.

I think some of Watford's service was poor and that the poor service (plus the fraud marker on his record) caused Mr P a great deal of upset and inconvenience. So I think it would be fair for it to pay him £300 compensation for that, as well as reconsidering the claim and removing any fraud markers.

My final decision

My final decision is that I uphold this complaint. I require Watford Insurance Company Europe Limited to do the following:

- Overturn the policy cancellation and reconsider the claim, subject to the policy's remaining terms and conditions
- Remove any fraud markers from databases / records
- Pay Mr P £300 for distress and inconvenience

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 December 2023.

Susan Ewins

Ombudsman