

The complaint

Mr M complains that Society of Lloyd's ("Lloyd's") unfairly cancelled his motor insurance policy.

What happened

Mr M had an iconic vehicle. For the year from late January 2022, he insured the vehicle with a syndicate at Lloyd's.

For the year from late January 2023, Mr M took out a new policy for the vehicle through a specialist broker. The policy was branded with the name of the broker. The insurer was again the syndicate at Lloyd's.

In about May 2023, Mr M acquired a replacement vehicle of the same model. He asked the broker to put the replacement vehicle on the policy. However, the broker or the syndicate declined to cover the replacement vehicle – and cancelled the policy.

Mr M complained first to the syndicate.

By a letter dated early August 2023, the syndicate said that it had come to light that the vehicle was Mr M's everyday vehicle, and he didn't have access to any other vehicle. So it didn't uphold the complaint about cancellation. However, the syndicate said that it could've called as well as sent written correspondence. So it offered Mr M £75.00.

Mr M complained to Lloyd's. By a final response dated October 2023, Lloyd's turned down the complaint.

Mr M asked us to investigate.

Our investigator didn't recommend that the complaint should be upheld. He thought that the syndicate made a fair decision to cancel the policy.

Mr M disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint.

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.

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I accept that the underwriting criteria included that the vehicle was a classic car, that it had low annual mileage and that the policyholder had access to another vehicle as his everyday vehicle.

From what Mr M has said, he didn't have access to any vehicle in January 2023 other than the vehicle for which he was taking out the policy.

Consumer Insurance (Disclosure and Representations) Act 2012 imposes a duty on a consumer to avoid making a misrepresentation when taking out or varying a policy.

From the statement of fact document dated January 2023, I've seen the following:

"Number of other vehicles driver has access to 1."

From that, I'm satisfied that the broker told the syndicate that Mr M had access to another vehicle in addition to the iconic vehicle he was insuring.

The terms of the policy included the following:

*"Where we may cancel your policy
We or [the broker] may cancel this insurance by sending seven days' notice, in writing, to your last known address...
Your insurance may be cancelled because:
...
A change in your circumstances means we can no longer provide cover
You misrepresent or fail to disclose information that is relevant to your insurance
...
This is not an exhaustive list"*

From the broker's terms of business, I find that the broker was acting as an agent for Mr M when he took out the policy in January 2023. So I hold Mr M responsible for the statement to the syndicate that he had access to another vehicle.

Compared to that statement, there was a change in circumstances in May 2023 when it came to light that Mr M was replacing his only vehicle.

I don't under-estimate the impact of the cancellation on Mr M, including being quoted much higher premiums.

However, the underwriting criteria were such that the change in Mr M's declared circumstances meant that the syndicate could no longer provide cover.

From what Lloyd's has said, it was the broker rather than the syndicate that cancelled the policy. So I don't consider that Lloyd's treated Mr M unfairly.

I accept that the syndicate could've given better service in the way that it communicated with Mr M. However, the syndicate tried to put this right by offering Mr M £75.00. And I'm satisfied that this was at least as much as I would otherwise have found fair and reasonable for the extra distress and inconvenience caused by the shortcomings in its communication at an already difficult time for Mr M.

Overall, I don't find it fair and reasonable to direct Lloyd's 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 Society of Lloyd's to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 April 2024.

Christopher Gilbert

Ombudsman