

The complaint

Mr F complains about Covea Insurance plc (“Covea”) and their decision to decline his claim and void his insurance policy following the theft of his car.

Mr F has been represented by his partner, Miss S, during the claim and complaint process. For ease of reference, I will refer to any actions taken, or comments made, by Miss S as if they were made by Mr F throughout the decision where appropriate.

What happened

The claim and complaints circumstances are well known to both parties, so I don’t intend to list them chronologically in detail. But to summarise, in May 2023 Mr F purchased a motor insurance policy, underwritten by Covea, through a broker. Unfortunately, Mr F’s car was stolen the following month. So, he contacted Covea to make a claim.

But when Covea attempted to validate the policy, they discovered Mr F had undisclosed penalty points on his license. And Mr F also disclosed that he stayed overnight the majority of the week at Miss S’ address, which wasn’t the risk address listed on the policy. So, because of the above, Covea chose to decline Mr F’s claim and void his policy, refunding the policy premium he paid, as they didn’t think they would’ve provided the policy at all had this information been given at inception.

Mr F was unhappy about this decision, so he raised a complaint. He accepted he’d made a mistake not disclosing the penalty points. But he didn’t think he was given an option to disclose the dual address at policy inception and so, he thought he’d given the correct risk address as this is the house he classed as his home. So, he didn’t think it was fair for Covea to decline the claim and void his policy, instead feeling a proportionate payment should be made to reflect the impact the penalty points would’ve had on his premium.

Covea responded to the complaint and didn’t uphold it, setting out why they felt the policy avoidance and claim decline was fair. So, they didn’t think they needed to do anything more. Mr F remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. They were satisfied Mr F had misrepresented the information given to Covea at policy inception. But crucially, our investigator didn’t think Covea had provided sufficient evidence, such as their underwriting criteria, to show they wouldn’t have provided a policy had Mr F given the correct information. So, they didn’t think Covea were fair to void the policy and decline the claim. And to recognise this, they recommended Covea reinstate the policy, reassess the claim within the policy terms, remove any records of the avoidance and pay Mr F £200 compensation.

Mr F accepted this recommendation. But Covea didn’t respond. As Covea didn’t respond, our service must assume they rejected this recommendation and so, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

It's clear that in this situation, Covea have taken the decision to decline the claim, and void the insurance policy, due to what they feel was a careless misrepresentation by Mr F. In situations such as this, the relevant law is The Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). This sets out the requirement for consumers to take reasonable care not to make a misrepresentation when taking out a contract of insurance.

And if a consumer fails to do this, CIDRA sets out what remedies an insurer such as Covea can take, providing the misrepresentation is a qualifying one. To be a qualifying misrepresentation, an insurer must show it would have offered the policy on different terms, or not at all, if the consumer provided the correct information and so, not misrepresented to begin with. So, I've thought about whether I think the actions Covea have taken were fair and reasonable, falling in line with the rules set out within CIDRA. And I don't think they were on this occasion.

First, I want to make it clear that I do think there were misrepresentations from Mr F. Having listened to the calls between Covea and Mr F's representative, Miss S, I think it's accepted Mr F should've declared the penalty points on his license. But having reviewed the notes and information provided by Covea, I think it's reasonable for me to assume this misrepresentation itself wouldn't have led to Covea declining the claim, or voiding the policy, as they discussed with Mr F the likelihood of a settlement amount being reduced proportionately to account for the lesser premium he paid than he would've had the points been declared. So, I don't think this misrepresentation would classify as a qualifying one here. Nor do I think Covea treated it as such from what I've been able to decipher from the information provided.

Instead, I think the policy was voided, and the claim declined, due to the issue regarding Mr F's risk address as Covea say they don't offer dual address policies. It's not disputed by Mr F that he provided a risk address that is a different address to the address of Miss S, which is where he stays overnight for most of the week and crucially, is also where his car was stolen from.

I've seen the statement of insurance from Mr F's policy. And it states that the car is parked overnight on a drive at the listed risk address, which isn't the address of Miss S. So, considering Mr F has confirmed the car was kept at a different address to the policy risk address most nights in a week, I do think Covea were fair to class this as a misrepresentation as I don't think the information is accurate of Mr F's actual circumstances.

But crucially, for me to say Covea were fair to take remedying action because of this misrepresentation, I must be satisfied the misrepresentation is a qualifying one. And as I've set out above, for me to be satisfied this is the case, Covea must show that, had Mr F provided correct and accurate information at the inception of the policy, they wouldn't have

provided cover at all or that it would've been provided on different terms.

Our service has asked Covea to supply information to show this, such as Covea's underwriting criteria, on several occasions. And this falls in line with our services usual approach and expectation. Covea haven't responded to our service's requests. So, considering it's been a significant length of time since our service requested this information, in line with our service's approach, I must make adverse inference to this failure to respond and assume Covea don't have this information to supply.

Without this, I don't think I have any evidence to satisfy me that Mr F's misrepresentation was a qualifying one. And because of this, in line with CIDRA, I don't think I can say Covea have acted fairly when declining the claim and voiding the policy. So, as I don't think Covea have acted fairly, I've then turned to what I think they should do to put things right.

Putting things right

When thinking about what Covea should do to put things right, any award or direction I make is intended to place Mr F back in the position he would've been in, had they acted fairly in the first place.

As Covea have failed to show Mr F's misrepresentations were qualifying, had Covea acted fairly I don't think they would've declined Mr F's claim on this basis, or then proceeded to void his policy.

So, to place Mr F back in the position he would've been in, Covea should reinstate Mr F's policy to allow them to reassess Mr F's claim against the remains terms and conditions. I must stress to Mr F this doesn't automatically mean the claim will then be accepted.

And they should also remove all records of the policy voidance from any internal and external databases to ensure Mr F isn't negatively impacted in the future when looking to obtain insurance. Covea should also provide Mr F with a letter to confirm the policy had been voided incorrectly so he can provide this to current and future insurers should it be required.

Finally, I think Covea should also make a compensatory payment to recognise the distress and inconvenience this situation will no doubt have caused to Mr F. Our investigator recommended Covea make a £200 payment, and I think this recommendation is a fair one, that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think it fairly reflects the emotional impact caused to Mr F when he discovered his claim would be declined, as well as the ongoing distress and inconvenience he's been caused since this decision. But I must stress this payment doesn't reflect any financial impact on Mr F relating to his existing finance agreement on the stolen car, as I'm unable to say for certain whether the claim would have been accepted against the remaining terms of the policy. And even so, the finance on the car and the maintenance of payments towards this remain Mr F's responsibility, and not Covea's. So, I don't think Covea are responsible, or should compensate Mr F for, any issues he's since had with this finance and any debt collection.

My final decision

For the reasons outlined above, I uphold Mr F's complaint about Covea Insurance plc and I direct them to take the following action:

- Reinststate Mr F's policy and reassess the claim against the policy terms and conditions;
- Remove any records of the policy voidance from any internal and external databases while also supplying Mr F with a letter to confirm the incorrect voidance; and
- Pay Mr F £200 to recognise the distress and inconvenience he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 12 June 2024.

Josh Haskey
Ombudsman