

The complaint

Mr M has complained about Watford Insurance Company Limited's decision to reject a claim he made and cancel his car insurance policy.

What happened

Mr W bought a car insurance policy with the insurer Watford. He disclosed his occupation, which Watford offered a policy for. He declared his use of his car for social, domestic and pleasure purposes.

In April 2023 Mr W started working as a delivery driver, in addition to the job he declared when he bought his policy with Watford. He bought separate business use insurance with another insurer. He didn't tell Watford about his job as a delivery driver.

In July 2023 Mr W was involved in an incident and he reported it to Watford. Watford discovered that Mr W was dually insured and contacted the other insurer, who notified Watford that Mr W's occupation with them was declared as a delivery driver.

Watford asked Mr W about this. In response, Mr W said he didn't class the additional job as work, but as a hobby. He said he didn't think he needed to tell Watford as he'd bought separate insurance. Mr W said he only did a few shifts and realised it wasn't suitable for him.

Watford decided to reject Mr W's claim and cancel his policy. It said if he had told it about the delivery driver job, it wouldn't have offered him a policy. It said it was Mr W's responsibility to notify it of a change like this immediately.

Watford accepted that Mr W hadn't deliberately set out to deceive it and said it wouldn't record the cancellation by an insurer – which means Mr W doesn't need to declare such a cancellation when looking to buy insurance elsewhere.

Mr W didn't agree and asked us to look at his complaint. Our Investigator thought Watford had acted reasonably.

Mr W wants an ombudsman to decide. He says his time as a delivery driver was brief and the risk to Watford was minimal. He wants Watford to reinstate his policy and deal with the claim.

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.

Mr W's policy with Watford sets out what I've seen in most- if not all standard motor insurance policies. Watford says;

"Changes which may affect Your cover

The Terms of Your Policy and premium are based on the information You have given us. If any of this information changes You must notify Us by calling Your broker. Below are some examples of what You should tell us. Please note these lists are not exhaustive and You should contact Your Broker if You are unsure about whether You need to inform Us of a change."

"You must tell Us immediately if:

...."You or anyone covered by this Policy ceasing or changing jobs, or starting a new job, including any part-time work;"

And;

"You must tell us beforehand;

If you intend to change what you use your vehicle for"

So I think Watford was clear in the policy about Mr W's responsibility to tell it when he started working as a delivery driver. I understand Mr W believed he didn't need to because he deemed the work as a hobby – and due to the hours he did he believes the risk to Watford was minimum. But it's clear that Mr W received payment in return for providing services to an employer, and so it was a job – and one which he should have notified Watford about. It is for Watford as an insurer to decide what risk it is prepared to take on. And this is why insurers ask a customer to tell it immediately about a change – in case it results in a risk the insurer isn't prepared to accept and a customer can make alternative arrangements to remain insured. The fact that Mr W obtained alternative insurance doesn't mean Watford's policy conditions didn't apply.

Watford has provided its underwriting criteria to this service to show if it had known about Mr W's delivery driver job it wouldn't have continued to offer him a policy.

I understand Mr W doesn't believe the decision is fair and he says he didn't deliberately withhold the information from Watford. Watford in its response to Mr W's complaint says it will not record its cancellation on any database, so that Mr W doesn't have to disclose the cancellation when buying future insurance. As the consequences of having to do this can have a negative financial impact on premiums, I think Watford has reached a fair and reasonable conclusion.

I realise Mr W will be very disappointed. But this means I'm not asking Watford to deal with his claim or reinstate his policy. I think it has treated him fairly and as it would any other customer in the same circumstances.

My final decision

My final decision is that I don't uphold this complaint.

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

Geraldine Newbold
Ombudsman