

## **The complaint**

Mr A complains that First Central Underwriting Limited (First Central) voided his motor insurance policy and didn't pay his claim.

## **What happened**

Mr A held a motor insurance policy with First Central. In January 2024 he called them to change the car insured on his policy. In May 2024 the new car was involved in an accident, so he made a claim for the damage.

During the claim First Central identified Mr A's car had a number of modifications. They said Mr A didn't tell them about these modifications when he was asked about them.

First Central said this was a careless misrepresentation which entitled them to avoid the policy. And because the policy effectively then didn't exist, they didn't need to deal with the claim. Mr A didn't think this was fair and complained. He didn't think he'd answered the question incorrectly when he took out the policy. And he said he hadn't added any modifications that improved the car's performance or handling.

First Central didn't change their stance on avoiding Mr A's policy and not dealing with his claim. They said based on what Mr A had told them during the claim's validation calls he had with them – they thought he'd have been aware of the modifications to the car. Mr A remained unhappy and brought his complaint to this Service.

One of our Investigators looked at what had happened but didn't recommend Mr A's complaint be upheld. He was satisfied Mr A made a qualifying misrepresentation and thought First Central's actions were in line with the relevant law, the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA).

Mr A didn't agree and asked for an Ombudsman's 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 not going to uphold this complaint. I appreciate this will be disappointing to Mr A – so I'll explain why.

First Central said Mr A was asked about any modifications when he called them to change the insured car on his policy. They said he didn't answer this question correctly, so Mr A failed to take reasonable care not to make a misrepresentation. I've listened to this call, and I'm satisfied that's fair, as Mr A was asked "*Are there any modifications or additional security fitted on the car?*" and that he answered "*no*" to that question.

First Central has shown this isn't true and that the car has a number of modifications. But Mr A disagrees and thinks this is unfair. He says he's not a BMW expert and thought the car

wasn't modified. I've seen pictures of Mr A's car and the list of modifications – including a rear spoiler, front splitter and side skirts. And I've seen photos from Mr A that show these modifications were on the car when he bought it.

I've also listened to the call recordings between Mr A and First Central where he explains he looked at different models of car before he purchased this one. He said he looked around a lot to find a model he liked, and he would needed to have added modifications if the car he bought didn't have them already. He also says he added some modifications to the car after he bought it. Having thought about this carefully, I think Mr A would have reasonably known the modifications weren't standard and should have answered 'yes' when asked if the car had been modified. So, on that basis, I'm satisfied Mr A failed to take reasonable care not to make a misrepresentation.

First Central has also shown that, if they were told about the modifications, they wouldn't have offered Mr A the policy. This means First Central has shown Mr A's misrepresentation was a qualifying one under CIDRA. I understand Mr A thinks First Central should have met the claim under the policy but not paid for the modifications, but that's not the case here. First Central is entitled to act in line with the remedy's available to them under CIDRA.

Because First Central has shown that they wouldn't have insured Mr A's car if they'd known about the modifications, under CIDRA they're entitled to avoid the policy and not deal with Mr A's claim. But they need to return the premiums Mr A paid for this policy – which I understand they have now done.

Mr A has said he was neither financially sophisticated nor had a detailed understanding of his obligations when presented with the questions First Central asked. While this may be the case, First Central has classified this misrepresentation as careless, meaning there's nothing to suggest it was made deliberately or recklessly. I'm satisfied that's fair and in line with CIDRA's approach to what a reasonable consumer's obligations are.

As First Central have applied the remedy's available to them under CIDRA, I don't think they've acted unfairly in declining the claim or in avoiding the policy.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 December 2024.

Stephen Howard

**Ombudsman**