

## The complaint

Mr L and Mr M have complained about the fact that Watford Insurance Company Limited turned down Mr L's claim under his Commercial Vehicle Insurance policy for a van which they've said they owned jointly as part of a partnership.

Any reference to Watford includes its agents.

## What happened

Mr L took out a policy with Watford in April 2023 to cover a van belonging to him and Mr M under a business partnership. When he did so he was asked if he was the registered keeper of the van. He said he wasn't, as it was registered to Mr M. The broker told him that Watford wouldn't provide a policy in his name unless the van was registered to him. He left it and spoke to the broker the following day to say he wanted to go ahead with the policy. And when the broker asked if he was going to change the registered keeper of the van to him, he said he was.

The van was damaged in an accident in October 2023. Watford found out the van was still registered to Mr M. So it cancelled Mr L's policy and turned down his claim on the basis it wouldn't have provided a policy to Mr L if it had known the van was registered to Mr M.

Mr L complained to Watford, but it wouldn't alter its position. It issued a final response letter in which it referred to the cancellation terms in Mr L's policy and explained that it had exercised the right to cancel it in accordance with these terms. And that it thought this meant it was entitled to decline Mr L's claim.

Mr L remained dissatisfied and asked us to consider his complaint. One of our investigators did this. She said it should be upheld as she didn't think Watford was entitled to cancel Mr L's policy and decline his claim.

Watford didn't agree with the investigator's view and asked for an ombudsman's decision. It said that Mr L knew he was required to be the registered keeper of the van and therefore he made a deliberate misrepresentation.

I reviewed the complaint and emailed Watford explaining why I was going to uphold it and giving it the chance to provide further comments and evidence.

I explained that it had cancelled Mr L's policy in accordance with the policy terms after the accident giving rise to his claim, which meant the policy was still in force when he made his claim. And this meant it had to deal with the claim. I also pointed out that if it had intended to avoid the policy on the basis Mr L failed to make a fair presentation of the risk in accordance with The Insurance Act 2015 (the Act) when he took out the policy, I didn't think it had shown Mr L had failed to make a fair presentation. This is because it seemed he had intended to change the registered keeper of the van to himself and presented the risk on this basis. He had forgotten to make the change, but this didn't mean he presented the risk incorrectly.

I also explained that even if Watford could show Mr L failed to make a fair presentation, it couldn't demonstrate it was a qualifying breach in accordance with the Act because its underwriting criteria showed it accepted risks where the proposer was the owner of the insured vehicle and Mr L was the owner of the van he insured, albeit jointly with Mr M.

I said that in the circumstances I considered the fair and reasonable outcome to Mr L and Mr M's complaint was for Watford to deal Mr L's claim in accordance with the policy terms. And to pay compensation to Mr L and Mr M of £500 for distress and inconvenience they'd experienced because Watford had incorrectly turned down the claim.

Watford responded to my email to say it didn't agree with my view on Mr L's complaint. It said this was because it accepted the risk Mr L proposed in good faith and he was informed it was a fundamental requirement that the vehicle was registered in his name, otherwise the policy would be cancelled. It has said it accepts he has an insurable interest in the vehicle, but the issue is that he is not the registered keeper. It has also said the fact he is in a business partnership with Mr M is irrelevant. And from what it has said it seems to be saying Mr L would not have been able to purchase the policy if he had said he was not going to change the registered keeper of the van to him.

### **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.

As I explained in my email to Watford, for it to be able to decline Mr L's claim on the basis it wasn't providing cover it would have needed to avoid his policy from the start (treat it as if it never existed). This would have meant there was no cover in force at the time of the accident in which the insured van was damaged. But Watford relied on the cancellation terms in the policy to cancel it. If the policy didn't exist these terms wouldn't apply, so the fact Watford relied on them shows it cancelled the policy after the accident in which the insured vehicle was damaged. This means it is obliged to consider Mr L's claim for it in accordance with the policy terms.

I appreciate Watford only provided the policy on the basis Mr L was going to be the registered keeper of the van to be insured. But it did not make this a condition precedent to liability by adding a clause in the policy to this effect. And this means, unless it could avoid the policy, it was providing cover at the time Mr L and Mr M's van was damaged. This means it is obliged to deal with Mr L's claim.

I think it is also important for me to say that in its final response letter on the complaint Watford said that Mr L said in a call to the broker on 14 April 2023 "I've changed the ownership into my name today". However, I have listened to a recording of this call and this is not what Mr L said. What he actually said when referring to the van to be insured was "it is coming to me". And then when the broker asked him if the logbook "was going to be changed" into his name he said it was. And then when the broker said "so that will be from today then okay" Mr L replied "yeah". So, as far as I can see, at no point did Mr L ever say he had actually sent the logbook change of ownership slip off to DVLA. He simply said he intended to do it that day. However, he didn't. And it seems he forgot and never got round to doing it.

Also, Watford has made a strong point that it wouldn't have insured the van unless the policyholder was the registered keeper. But the underwriting criteria it has provided doesn't support this. It suggests that, provided the policyholder owns the vehicle, it will insure them even if they are not the registered keeper.

It therefore follows that I consider as part of the fair and reasonable outcome to Mr L and Mr M's complaint Watford should deal with Mr L's claim in accordance with the terms of his policy.

Clearly incorrectly turning down Mr L's claim caused Mr L and Mr M as owners of the van distress and inconvenience. So it remains my view that Watford should pay them compensation to reflect this. And, as I explained in my email to Watford, I think £500 in compensation is appropriate.

### **Putting things right**

For the reasons set out above I've decided to uphold Mr L and Mr M's complaint and make Watford do the following:

- Deal with Mr L's claim in accordance with the policy terms.
- Pay Mr L and Mr M £500 in compensation for distress and inconvenience.

### **My final decision**

I uphold Mr L and Mr M's complaint about Watford Insurance Company Limited and order it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mr M to accept or reject my decision before 28 October 2024.

Robert Short  
**Ombudsman**