

The complaint

Mr B complains that The National Farmers' Union Mutual Insurance Society Limited ('NFU') unfairly cancelled his home and lifestyle insurance policy.

Mr B has been represented by Miss B in this complaint, but for ease of reference I shall refer to anything that Miss B said on Mr B's behalf, to have been said by Mr B.

What happened

Mr B had a home and lifestyle insurance policy with NFU. This was renewed in October 2023 and in November 2023, he made a claim with NFU that was paid.

Following his claim, as part of searches NFU carried out, it found information about three County Court Judgments (CCJs) in Mr B's name. NFU wrote to Mr B in March 2024, outlining the CCJ information it found. It asked Mr B to explain why he didn't tell NFU about these and to provide details of the circumstances that led to them.

Mr B told NFU if he'd forgotten to disclose this information, it would have been a genuine mistake. After some difficulty getting his representative (Miss B) authorised, Mr B made a complaint. He was unhappy NFU didn't accept his letter of authority (LOA) and its requests for information about the CCJs.

NFU issued a complaint response in March 2024. It said the LOA was not sufficient and further verification had been needed. It said its decision on the policy would follow.

In April 2024, NFU cancelled Mr B's policy after giving him 14 days' notice. It said Mr B hadn't given sufficient information about the CCJs. It said he'd made a misrepresentation and if it had been aware of the CCJs, it wouldn't have offered him cover.

Mr B complained to the Financial Ombudsman Service. He said he was unaware of the CCJs due to serious ill health. He said NFU acted unfairly in not accepting his LOA and its cancellation of the policy caused him stress and impacted him mentally. Mr B wanted NFU to reinstate his cover.

The Investigator didn't uphold the complaint. They said NFU was entitled to set out what it needs in order to authorise a third-party. They said Mr B was likely aware of the CCJs and didn't take reasonable care when checking his insurance documents. Because NFU wouldn't have offered cover if it was given the correct information, they said it had acted fairly in cancelling the policy and giving Mr B notice. They also referenced a call they said was from the time of renewal.

Mr B didn't agree. He said he was not notified by any lender about any CCJs, so he wasn't aware of them. He said where he lives, a court issues a 'decree' and not a CCJ. He said the LOA was a legal document that NFU should have accepted. He also said the call the Investigator relied on was not for the renewal of Mr B's home and lifestyle insurance policy, but for a quote for car insurance.

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 B said NFU committed a serious offence and misled the Financial Ombudsman Service. I should first set out that the Financial Ombudsman Service is a dispute resolution service, not the regulator of the insurance industry. So it's not our role to fine and punish a business. Our role is to look at whether a business has acted fairly in the circumstances of the complaint and decide what it needs to do where it hasn't. I do agree with Mr B the call the Investigator mentioned is not relevant to his home and lifestyle policy with NFU, so I've not relied on it in coming to this decision.

The relevant law in this case is the Consumer Insurance (Disclosure and Misrepresentation) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract. The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is – what CIDRA describes as – a qualifying misrepresentation. For it to be a qualifying misrepresentation, the insurer has to show it would have offered the policy on different terms, or not at all, if the consumer hadn't made the misrepresentation. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate, reckless or careless.

CIDRA also says a failure by the consumer to comply with the insurer's request to confirm or amend particulars previously given, is capable of being a misrepresentation for the purposes of the Act.

To be clear, CIDRA doesn't require the insurer to check the accuracy of information the consumer provides at inception or renewal. So I don't consider NFU was required to do this at inception or any renewal.

Did Mr B fail to take reasonable care?

The starting point is to determine if Mr B failed to take reasonable care not to make a misrepresentation. And this can occur when the policy is first bought or when it's renewed. On each renewal with NFU, Mr B took out a new insurance contract. And the duty for him to take reasonable care not to misrepresent applied again.

NFU provided evidence of a CCJ search it carried out that showed three CCJs in Mr B's name. These are from June 2020, January 2021 and May 2021. NFU asked Mr B for more information about these, to understand if there were any mitigating circumstances, as I would expect. I've not seen evidence to show this information is incorrect, so I'm persuaded it is an accurate reflection of Mr B's financial data.

NFU cancelled Mr B's policy that renewed in 2023. So I've considered whether Mr B failed to take reasonable care not to make a misrepresentation at renewal in 2023. In doing so, I've considered whether Mr B failed to amend the particulars (information) in the Statement of Home and Lifestyle Insurance (SOI) sent by NFU in 2023, before the renewal date.

The SOI in 2023 contained the following:

- *"About you and the people insured under this policy...You have told us the following about yourself and everyone insured under this policy...No-one has had any court*

judgements (e.g. CCJs) in the past five years whether satisfied or not...”

Based on the above, I consider this information was incorrect.

Mr B says the term CCJ isn't used where he lives, and courts instead issue a 'decree'. But given that the question refers to '*any court judgements*', I consider this would also include any decree issued by a court. I also understand the term decree can be used to refer to a CCJ, and can be considered its equivalent. For this reason, I will continue to use the term CCJ in this decision, and I'm satisfied the wording used by NFU was clear.

Mr B says he was unaware of the CCJs. So I need to decide whether it is more likely than not that Mr B was aware, or should have been aware, of the presence of CCJs and disclosed them to NFU at the time of the renewal.

The CCJ search information NFU provided shows the later two CCJs, from 2021, were linked to the same address as under Mr B's policy with NFU, and the address he provided to the Financial Ombudsman Service. And Mr B hasn't provided sufficient evidence to show there was an error with these CCJs or that he hadn't been informed about them.

So, taking everything into account, I think Mr B would've been reasonably aware of the CCJs I've outlined above, and this needed to be disclosed when he renewed the policy in 2023.

But even if I thought Mr B wasn't aware of the CCJs, under CIDRA, consumers still have a duty to take reasonable care when answering questions posed by insurers. In other words, Mr B had to take reasonable steps to ensure that the information, including at renewal, was accurate. And on this point, Mr B provided evidence to show he was aware of some of the debts. So I think it would've been reasonable for him to check the possibility of having a CCJ recorded against him, which I don't think he did.

So overall, for the reasons outlined above, I'm satisfied that Mr B didn't take reasonable care not to make a misrepresentation.

Was it a qualifying misrepresentation?

NFU has provided me with its underwriting criteria to show that had Mr B disclosed the CCJs, even just the two from 2021, it would likely not have offered him cover at all. So applying CIDRA, I'm satisfied that Mr B's misrepresentation was a qualifying one.

What remedy does NFU have?

Whether NFU decided to treat Mr B's misrepresentation as deliberate, reckless or careless, under CIDRA, it would have been allowed to avoid Mr B's policies entirely, from the date he first failed to take reasonable care not to make a misrepresentation. This would mean NFU would have been allowed to recover any claims payments it made under those policies.

But instead of avoiding Mr B's policy from 2023, NFU cancelled it with notice, to allow him to find another policy elsewhere. The policy allowed NFU to do so. I understand Mr B also received a small refund of his premium. NFU paid a substantial sum for the claim Mr B made in 2023, and this was more than the total cost of his policy. In cancelling Mr B's policy, instead of avoiding it, I don't think NFU left Mr B worse off. So, I think NFU acted fairly in the circumstances, by taking Mr B's circumstances into consideration and cancelling the policy, instead of avoiding it.

Letter of authority (LOA)

Part of Mr B's complaint is that NFU didn't accept his LOA.

I've seen NFU's internal communication, and I'm satisfied the requirement for further verification in addition to the LOA is part of NFU's usual process in these circumstances. So I don't think NFU treated Mr B unfairly, or any different to other consumers in the same circumstances.

Mr B says the LOA is a legal binding agreement. But it's not the role of the Financial Ombudsman Service to decide on the legal validity of a document, or who it's binding on. That's something only a court can do.

NFU's requirement for further verification is a business decision and it's not something that the Financial Ombudsman Service would normally interfere with. And as outlined above, I don't consider NFU treated Mr B unfairly in the 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 B to accept or reject my decision before 9 January 2025.

Monjur Alam
Ombudsman