

## **The complaint**

Mr F complains about Covea Insurance plc (Covea) cancelling his motor insurance policy.

Any reference to Covea in this decision includes their agents.

## **What happened**

Mr F took out a motor insurance policy with Covea in June 2023. In March 2024 Covea wrote to Mr F (and to his broker) giving seven days' notice of cancellation of the policy. The letter said that when he applied for the policy, Mr F had been asked whether he had any unspent non-motoring convictions, to which he answered 'no'. However, Covea had established that in February 2018 Mr F was sentenced to four and a half years in prison after admitting three fraud charges. Covea said this meant the convictions wouldn't be spent until August 2029. As Mr F hadn't declared the unspent convictions, this amounted to non-disclosure of material facts. Had the unspent convictions been disclosed, they wouldn't have provided cover under the policy.

Covea also said the nature of the non-disclosure indicated it was deliberate and intended to deceive them. They added that material misrepresentation of facts to secure a financial advantage constituted an offence under the Fraud Act 2005. Following the cancellation, Covea recorded the policy cancellation on the Insurance Fraud Register (IFR).

Mr F challenged the cancellation of his policy (he also sought to cancel the policy himself when he was given notice of Covea's cancellation). He said Covea had wrongly recorded the cancellation on the IFR. He said the information about the convictions was wrong as he appealed the sentence he was given. He also said he had been told by another insurer broker that Covea couldn't record their cancellation of the policy on the IFR as he had asked his broker to cancel the policy. Unhappy at what had happened, Mr F complained to Covea.

Covea didn't uphold the complaint. In their final response they said their Policy Validation Team identified an issue with Mr F's policy details and initiated cancellation of the policy with a seven day notice period. This was due to the undisclosed convictions by Mr F. Covea referred to Mr F being asked whether he had any unspent motoring convictions, to which he answered 'no'. Covea also referred to Mr F's conviction in February 2018 and their view the convictions weren't spent until August 2029. Had Mr F disclosed the unspent conviction, Covea wouldn't have offered cover. Covea said Mr F wasn't able to cancel the policy himself as they had already initiated the cancellation. So, Covea maintained they acted correctly in cancelling the policy.

Mr F then complained to this Service. He said Covea had incorrect information, because on appeal the sentence he was given for the offence was reduced, meaning the conviction was spent at the point he took out his policy. He said he'd requested the policy be cancelled before the date of the cancellation by Covea. He thought this meant there shouldn't be a marker on his record about the cancellation by Covea. The cancellation meant he'd paid a lot more for cover (more than double what he was previously paying) and he'd lost a year's No Claim Discount (NCD) from the cancellation. He said he was entitled to five years' NCD.

Our investigator didn't uphold the complaint, concluding Covea didn't need to take any action. She said Mr F had provided tax records showing he was employed between 2019 and 2020 and stating his sentence was reduced on appeal, meaning his conviction was spent at the point he took out his policy with Covea. However, Mr F hadn't provided any evidence to confirm the reduction in his sentence. And the government website showed that a custodial sentence of more than four years would only be spent after a period of seven years beginning on the day the sentence (including and license period) was completed.

Looking at Covea's actions, the investigator concluded they had evidence to support Mr F's conviction was unspent when he took out the policy and that he was asked a clear question on the subject. So, it was fair for Covea to treat Mr F answering 'no' to be a qualifying misrepresentation under the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). Covea believed the misrepresentation to be deliberate, which the investigator thought was fair on the basis of the information they had that the conviction was unspent. Covea had also provided their underwriting criteria that showed they wouldn't have offered the policy had they known about the unspent convictions when the policy was taken out.

While a deliberate misrepresentation would have enabled Covea to avoid the policy (treating it as though it never existed) they elected to cancel the policy with seven days' notice, which the investigator thought fair (a cancellation marker on Mr F's insurance record would be less serious than a policy avoidance). Avoidance of the policy would have taken immediate effect, so it was fair to say Mr F couldn't cancel the policy himself once Covea had given notice of their cancellation.

Mr F disagreed with the investigator's view and requested an ombudsman review the complaint. He said he'd spoken to Covea at the time of the notice of cancellation and been told that if he cancelled the policy first, they wouldn't record a cancellation made by them. He tried to cancel the policy through his broker, but they didn't action his request. He also said his current insurer was happy with the proof he'd sent them about being in employment, indicating the sentence he'd served wasn't as long as that reported in the media. And he was working with a charity that didn't employ people with an unspent conviction.

### **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.

My role here is to decide whether Covea have acted fairly towards Mr F.

The key issue in Mr F's complaint is whether Covea acted fairly and reasonably in cancelling his policy because of what they concluded were unspent convictions. Mr F says the sentence he received was reduced on appeal, to the extent that the conviction was spent at the point he took out his policy with Covea. He's provided some evidence of being in employment between 2019 and 2020 to support his view. Covea say they acted on the information available that Mr F received a custodial sentence of four and a half years in February 2018. They point to published government information indicating that a sentence of this length, from the date of conviction, would mean the conviction wouldn't be spent until August 2029.

Looking at the evidence and information available, Covea say Mr F had an unspent conviction at the point he applied for the policy, arising from a conviction in February 2018 on three charges of fraud. They've provided publicly available media coverage that supports the conviction, and a sentence of four and a half years. Mr F doesn't dispute the conviction and sentence but says the coverage doesn't reflect the fact the sentence was reduced on appeal. Which would mean the conviction was spent at the time he applied for the policy.

In support of his view, he's provided a screenshot from a government website which records a date of conviction of February 2018 and a length of sentence of 18 months. It indicates the conviction, based on the input data, would be spent in August 2023 (five and half years from the date of conviction).

I've also seen a factsheet from the National Association for the care and Resettlement of Offenders (NACRO) that sets out rehabilitation periods for custodial sentences (which have a buffer period). It lists, for prison sentences for over 48 months (4 years) a rehabilitation period of the total length of sentence (including licence period) plus seven years. Applying this to a sentence of four and a half years (in Mr F's case) would produce a period of eleven and a half years. This is consistent with Covea saying the conviction (in February 2018) wouldn't be spent until August 2029.

However, the same factsheet records that a prison sentence of over 12 months and up to and including 48 months (4 years) would produce a rehabilitation period of the total length of sentence (including licence period) plus four years. Applying that to a sentence of 18 months would produce a period of five and a half years. Which is consistent with the screenshot from the government website provided by Mr F.

However, even if I took the information provided by Mr F at face value, that is, his sentence was reduced on appeal to 18 months (and the rehabilitation period was five and a half years) then the date the conviction would be spent – August 2023 – is still later than the date Mr F took out his policy (June 2023).

In giving notice of the cancellation of his policy, Covea refer to the following question he was asked when he took out the policy:

*"Do you have any unspent non-motoring criminal convictions"*

To which the answer was 'no'. Covea have also provided an extract from the Statement of Fact document issued with the policy, which has a slightly different wording:

*"Details of non-motoring convictions for all drivers"*

To which the response recorded is 'none disclosed'.

While the two questions/statements differ slightly, I think both are clear and based on the evidence I've seen, I've concluded Mr F answered incorrectly.

So, on either version of the sentence and rehabilitation period, the conviction was unspent at June 2023. So, I've concluded Mr F made a misrepresentation when he stated he had no unspent non-motoring convictions at the time he took out his policy.

The requirements of CIDRA are that consumers must take care not to make a misrepresentation when taking out an insurance policy. Based on my findings and conclusions, I've concluded Mr F didn't take reasonable care not to make a misrepresentation.

Covea have supplied their underwriting criteria which show they wouldn't have offered the policy had they known about the unspent convictions when the policy was taken out. So, I've concluded it was a qualifying misrepresentation.

Covea say they treated the incorrect answer as a deliberate misrepresentation (rather than a careless one). Based on the nature of the convictions, I'm persuaded it was reasonable for them to do so.

That being the case, then I think it was reasonable for them to cancel the policy with notice – although they would also have acted reasonably had they decided to avoid the policy from its inception (that is, treated it as though it never existed).

So, I've also concluded it was reasonable for them to record the cancellation on the IFR and not allow Mr F to cancel the policy himself, before the notice period of cancellation expired. Mr F says he was told that if he cancelled the policy in that time, it would mean Covea wouldn't record the cancellation themselves. I've seen no evidence to support this, but even if it were the case, that's not the position Covea have taken in their final response. And nor do I think, for the reasons I've set out, that was unfair or unreasonable.

In responding to our investigator's view, Mr F refers to what he says is his current insurer's acceptance that his conviction was spent, as well as to his employment by a charity that wouldn't employ someone with an unspent conviction. However, he's provided no evidence to support his and in any event, my role here is to decide whether Covea acted fairly towards Mr F in cancelling his policy – not what the other organisations may have done.

Taking all these points into account, I've concluded Covea acted fairly and reasonably, so I won't be asking them to take any action.

### **My final decision**

For the reasons set out above, my final decision is that I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 February 2025.

Paul King  
**Ombudsman**