

## **The complaint**

Mr S complains about how Watford Insurance Company Europe Limited (“Watford”) unfairly declined his claim when his car was stolen.

## **What happened**

Mr S has a motor insurance policy with Watford. The policy renewed in June 2023.

In September 2023 Mr S’ car was stolen. It was found by police after two months. Mr S says he had to chase Watford to get updates and find out what was happening with his claim. He says Watford declined the claim and cancelled his policy in December 2023.

Watford said Mr S didn’t declare his change of occupation at the time of renewal and had it been aware of the change it wouldn’t have agreed to renew the policy since the occupation wasn’t one that it would cover. Watford said Mr S had made a misrepresentation and so it rejected the claim and cancelled his policy from December 2023.

Mr S wasn’t happy with the response from Watford, so he referred his complaint to this service. Our investigator looked into the complaint. He didn’t think Watford had acted fairly since it didn’t ask Mr S a specific or clear enough question to indicate that a change of occupation was something he was required to declare at renewal. The onus was on Watford to ensure all material information was obtained through the questions put to Mr S when he called to renew his policy. Since there was no qualifying misrepresentation Watford is not entitled to take any action. The investigator said Watford should reinstate the policy, remove any cancellation markers and deal with the claim. Watford should pay Mr S £200 for the distress and inconvenience caused.

Watford didn’t agree. It issued Mr S with a renewal letter that told him to check the information in the documents was correct. Watford said the policy wording was clear on changes to a policy. And that when Mr S called to renew his policy there had been a change to his occupation, but he chose to advise the handler that he wasn’t working. And that was incorrect and inaccurate.

Watford didn’t agree so the matter has been passed to me for a 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.

In this matter, the first issue to decide is whether Watford acted in line with the relevant law when it avoided Mr S’ policy. I’ll also consider if it acted fairly and reasonably. If it didn’t, I’d also need to consider how Watford should put things right.

*Did Watford act in line with the relevant law in this case?*

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 – a policy.

If a consumer fails to do this, then 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 must show it would've offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Watford says Mr S – when renewing his policy over the telephone – failed to take reasonable care not to make a misrepresentation when he failed to tell it about his additional part-time work. I have listened to the renewal call.

Having considered this, I think it is arguable whether Watford has shown;

- The question asked here is sufficiently clear or specific enough to make Mr S aware of the importance of checking or answering questions about his work;
- The question asked here is sufficiently clear or specific enough to make Mr S aware Watford was asking about his employment,
- Mr S didn't take reasonable care when answering it.

I appreciate Watford says Mr S told the agent on the phone that he wasn't working and that there had been no changes to his last policy, and so he could have advised that he also had a part-time job at the takeaway. And I agree, Mr S could have and should have disclosed that to Watford before he renewed his policy.

But that assumes the initial question was clear and specific enough such that Mr S would have thought the agent was referring to his occupation. The agent asked Mr S if there had been any changes to his last policy but gives no examples of such changes. And so, as set out above, I consider it is questionable whether the question is clear and specific enough.

Watford says throughout the process the documents and letters advise the customer to read through everything and the consequences of not providing correct information are made clear. The documents are clear what will happen if incorrect or inaccurate information is provided.

Mr S explained he'd broken his leg and was not currently working and hadn't been working for the past two weeks. Mr S's employer confirms he started the work at the takeaway at the beginning of June 2023, but the work wasn't specific or set hours, and Mr S was only called to work when the employer required it. So, I think when Mr S was asked about changes he wouldn't have immediately thought about his casual employment. I'm not persuaded Mr S would have realised the information on the documentation was different to the information he provided originally. The onus is on the insurer to ensure that information is obtained through clear questions put to the consumer and I'm not persuaded this was the case.

*Did Watford act fairly and reasonably in this case?*

CIDRA explains that when considering whether a consumer has taken reasonable care, all the circumstances must be considered, including at renewal, *"how clearly the insurer*

*communicated the importance of answering those questions (or the possible consequences of failing to do so)."*

Mr S renewed his policy over the telephone and had been sent his documents prior to renewing. CIDRA requires a consumer to take 'reasonable care' when answering a clear question from the insurer. Since I don't think the question asked was clear, I think Mr S took reasonable care when answering the questions he was asked, so there was no 'qualifying misrepresentation'. And because of this Watford should put Mr S in the position he would've been in had it not cancelled the policy. So, it should deal with the claim in line with the terms and conditions of the policy and remove the cancellation of the policy from his record.

Mr S says he's found the experience of dealing with Watford very stressful. I accept that these matters have been ongoing for some time and that Mr S has been impacted by the uncertainty arising from Watford's actions. So, I think Watford needs to pay some compensation to reflect the distress and inconvenience caused.

### **Putting things right**

For the reasons given above I uphold Mr S's complaint and direct Watford Insurance Company Europe Limited to:

- Reinstatement Mr S's policy, and remove the cancellation from any external databases;
- Deal with the claim in line with policy terms;
- Pay £200 to Mr S for the distress and inconvenience caused.

### **My final decision**

I uphold this complaint and direct Watford Insurance Company Limited to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 February 2025.

Kiran Clair  
**Ombudsman**