

The complaint

Mr M complains that Qmetric Group Limited trading as Policy Expert ("Policy Expert") cancelled his policy when it said he'd misrepresented his details when applying for car insurance.

What happened

Mr M had a car insurance policy through Policy Expert, which is a broker. He took out the policy online via a comparison website.

About three weeks after the policy started, Mr M called Policy Expert to discuss the details he'd given.

It emerged that Mr M had declared he had two years' No Claim Discount, which should have been zero as he'd had a claim recorded as 'fault' in December 2023.

Mr M also told it he'd had two notification-only incidents, in February 2020 and June 2021, and two convictions in November 2020 (which Mr B says was a driving awareness course) and July 2023 for which he received points.

Policy Expert said if it'd known about his claims and convictions, it wouldn't have been able to offer him cover.

It cancelled his policy from the start and refunded his premium, less a £60 cancellation fee. It said it was obliged to update insurance industry databases about its cancellation of his policy.

Mr M wasn't happy about this and he brought his complaint to this service. He asks that Policy Expert amends its records so he doesn't need to disclose the cancellation to other insurers as it might affect his premium in future.

Our investigator looked into his complaint and thought it wouldn't be upheld. He said Policy Expert had acted in accordance with current legislation when it cancelled his policy.

Mr M didn't agree with the view. Because he didn't agree, his complaint has been passed to me to make a final decision.

I issued a provisional decision intending to uphold Mr M's complaint in part:

When looking at a complaint where there is a failure to disclose relevant information, I must first consider whether there has been a qualifying misrepresentation under the relevant law which is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA).

CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out a policy. 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.

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.

Mr M accepts he didn't provide the correct information to Policy Expert. He's talked about his clean driving record over many years and that this one mistake is so significant on him.

I've looked at the questions asked about claims:

"Have any drivers had any motor accident or claims in the last 5 years?"

This includes any incidents, losses, thefts or claims involving a vehicle regardless of fault or whether you claimed or not"

Mr M said he'd had one claim in answer to this, when his answer should have been three.

He was also asked about Convictions:

"Have any drivers had any motoring convictions, driving licence endorsements, or fixed penalty points in the last 5 years".

He answered "None", but he should have told Policy Expert about his conviction in July 2023.

I think these questions are clear, and so I think Mr M failed to take reasonable care not to make a misrepresentation.

I've gone on to consider whether Mr M's misrepresentation was a qualifying one. In other words, what would Policy Expert done differently had it received the correct information from Mr M when he applied for the cover.

Policy Expert has sent this service information that shows it wouldn't have been able to offer Mr M cover if it'd known his correct information about the combination of claims and convictions he had.

What this means is that Mr M's misrepresentation was a qualifying one under CIDRA.

It follows that I think Policy Expert's action in cancelling Mr M's policy from the start was in line with CIDRA.

What Policy Expert has done was refund Mr M's premiums. But I can see it's applied a cancellation fee of £60 to it. But I don't think the legislation allows that. I can see it says:

"If the insurer would not have entered into the consumer insurance contract on any terms, the insurer may avoid the contract and refuse all claims, but must return the premiums paid."

We take this to mean Policy Expert can't deduct a cancellation fee from the unused premium if it's cancelling a policy under CIDRA. So what it now needs to do is refund to Mr M the fee.

Having a policy cancelled by an insurer can have a significant effect on a policyholder and Mr M has asked that Policy Expert changes its decision and says he doesn't need to tell insurers about this in future. I can see from his evidence that Mr M says he voluntarily

contacted Policy Expert when he realised the mistakes he'd made.

But as I say above, I think Policy Expert's actions in cancelling Mr M's policy were fair and in line with the relevant legislation, apart from the refund. I'd point out that Mr M misrepresented several pieces of information in his application, and if he wasn't sure how to answer anything he could have contacted it and asked for help.

I'm not going to ask it to change how it has recorded the cancellation as I think its actions are fair.

So, I'm upholding his complaint but only in respect that I think Policy Expert should refund the cancellation fee it shouldn't have retained.

Responses to my provisional decision

Policy Expert accepted my provisional decision but Mr M didn't. He says Policy Expert should have checked his details against industry databases and told him the details didn't match. He's talked about losing his good name in the community due to his small error, and he also talks about reviews of Policy Expert's service.

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.

I've read Mr M's responses to my provisional decision and he has my sympathy as I understand that Policy Expert's actions in cancelling his policy will have a significant and long-lasting impact on him.

But I'm afraid I don't agree with him that it was a small error. Mr M misrepresented his details when he applied for cover with Policy Expert, and his errors related to different areas of claims and convictions. So, I think he should have taken more care in his application.

Policy Expert's actions in cancelling Mr M's policy are in line with the legislation on this matter, as if it'd known the correct details it wouldn't have offered him a policy in the first place.

I think it's acted fairly in how it's dealt with Mr M, apart from the cancellation fee it shouldn't have charged him and which it's agreed to refund.

My final decision

It's my final decision that I uphold this complaint in part. I require Qmetric Group Limited trading as Policy Expert to refund the £60 cancellation fee to Mr M. But I make no further award.

Qmetric Group Limited trading as Policy Expert must pay the amount within 28 days of the date on which we tell it Mr M accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 March 2025.

Richard Sowden
Ombudsman