

The complaint

Mr O complains that Watford Insurance Company Europe Limited (Watford) unfairly cancelled two motor insurance policy he took out with it.

Reference to Watford includes its agents.

What happened

Mr O took out a policy with Watford via a broker I'll call B.

Shortly after taking it out, Watford cancelled the policy. It said it was doing so under its fraud term as it had suspicions around how the policy was taken out.

Mr O then took out another policy with Watford, this time through a different broker. I'll call this one C.

As with the first policy, Watford cancelled it due to concerns it was taken out fraudulently.

Mr O used the services of an unregulated broker to take out both the policies.

Unhappy with both the cancellations, Mr O complained. He said he was told the first policy with B was going to be cancelled but called to cancel it himself first. He doesn't think it's fair this is recorded as an insurer cancellation on any database.

Regarding the second cancelled policy with C, he said if Watford told him the broker he used to set up the policy with B was unregulated, he wouldn't have used them again and therefore wouldn't have had the second policy cancelled. He also said he was told he'd not have to declare the policy with B being cancelled.

Watford said it had concerns of fraudulent activity on the first policy with B. It said it didn't do anything wrong in cancelling it how it did.

Watford said it cancelled the second policy because the details used to take it out were the same, reaffirming its fraud concerns. It also said Mr O didn't tell it about the cancelled policy with B. And that if it had, it never would have offered him that policy. It's said however, that this policy, unlike the first is only recorded as cancelled on its own internal database.

Watford did pay £100 compensation to Mr O though. It said it acknowledged information he was told about whether he had to declare the cancelled policy with B was incorrect.

Mr O remained unhappy and brought his complaint to us.

Our Investigator didn't recommend it be upheld. They thought Watford was acting reasonably when cancelling both policies. And they were satisfied the compensation offered was a fair reflection of the impact of Watford's error.

Mr O accepted Watford's actions in relation to the cancellation of the first policy with B were reasonable. But he doesn't think it's fair there's a record of the second cancellation with C.

Because, he says, that policy would have never been set up had Watford been clearer with him about the reason it was cancelling his policy with B. Or if it hadn't told him he didn't need to tell it about that cancelled policy.

Mr B asked for an Ombudsman's decision, so, the case has come to me.

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.

Having done so, I'm not upholding it. I'll explain why.

It's clear Mr O is concerned about the impact of having two policies cancelled. That's understandable. But Watford has confirmed it's only recorded the second cancellation on its internal database. It's not recorded that cancellation anywhere externally.

Ultimately, I'm satisfied Watford's cancellation of both policies was fair and reasonable and in line with its policy terms.

I've seen the information Watford relied on when cancelling both policies. I can't share that with Mr O because it's commercially sensitive. But I'm satisfied Watford had legitimate concerns and that its decision to cancel both policies on grounds of fraud was reasonable.

Given the reason the first policy with B was cancelled, I'm satisfied that's recorded as cancelled by Watford and not Mr O. I appreciate Mr O asked for the policy to be cancelled after being given notice it would be. But I'm satisfied at that point the insurer initiated cancellation was in effect.

Regarding the second policy with C, I understand Mr O's point that he was told he wouldn't have to declare the cancelled policy with B. That was clearly an error. But that's not the only reason the policy with C was cancelled. It, like the policy with B was cancelled due to fraud concerns. And as set out above, I'm satisfied Watford acted reasonably on those concerns.

I appreciate Mr O has said if he were told more about the policy cancelled with B – that it was taken out via an unregulated broker, then he'd have not used that broker again. That may well be the case, but I'm satisfied that Watford gave him as much information it needed to surrounding that policy and its cancellation. I don't find that it needed to give him any more.

However, Watford has recorded that second policy as cancelled only internally. Given the concerns it has, I think that's reasonable.

Watford has said it did give some unclear information though and it's paid £100 compensation for that. I'm satisfied that's reasonable for the impact caused here. Ultimately I'm satisfied the policies were fairly cancelled and I don't think Watford's error had any material impact on that. That said, I can see why it caused Mr O distress, especially surrounding the reason the second policy with C was cancelled.

My final decision

For the reasons set out above, 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 O to accept or reject my decision before 17 June 2025.

Joe Thornley
Ombudsman