

The complaint

Miss B complains Sabre Insurance Company Limited (“Sabre”) unfairly declined her claim and avoided her motor insurance policy from the start date.

All references to Sabre include its agents.

What happened

Miss B bought a new car in September 2023 for £100,000. Later that month, she took out a motor insurance policy to cover the car. During the application process for the insurance policy, Miss B said the market value of her car was £75,000.

In December 2023, Miss B's car was stolen so she made a claim on her insurance policy. Sabre instructed an investigation company a few days later to interview Miss B and look into and validate the claim on its behalf.

Following the investigation, Sabre initially told Miss B it had decided to cancel her policy and decline her claim. And in June 2024 it let her know the amount she'd paid for the policy would be refunded and her policy voided from the start date. Unhappy that Sabre had declined her claim and voided her policy, Miss B raised a complaint.

Sabre didn't think it had done anything wrong. It said Miss B gave an inaccurate valuation for her car when she took the insurance policy out. It said she'd bought the car the same month as taking out the insurance, so she must've known it was worth more than she'd said and she gave a different value when she claimed on the policy. It also said Miss B had explained she'd declared a lower amount to bring the cost of her insurance down and it could see she'd generated a number of different quotes online, all based on varying car valuations. Sabre said if Miss B had given the correct car value during the application, it would've placed an endorsement on the policy requiring a tracking device to be fitted to her car. As Miss B didn't have a tracking device on her car, it wouldn't have provided cover.

Unhappy with Sabre's response, Miss B asked our service to look into things. She told us she declared the value of her car at £75,000 to bring the cost of the premiums down. And she explained she had a Guaranteed Asset Protection (“GAP”) policy to make up the difference between the insurance cover and the value of her car. Our Investigator didn't uphold the complaint. She thought Miss B knowingly declared a lower amount to reduce the cost of the policy and Sabre wouldn't have provided cover if she'd declared the full value as her car didn't have a tracker. She also didn't think the GAP insurance policy changed things.

In response to our Investigator's assessment, Miss B highlighted that Sabre hadn't asked for the price she paid for the car (£100,000). But instead it had asked for the market value of the car. And at the time of the sale, she believed that was £75,000. Our Investigator wasn't persuaded by what Miss B said. As the complaint wasn't resolved at that stage, it was passed to me to decide.

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.

Based on everything I've seen, I don't uphold this complaint for the reasons given below. I know Miss B will be very disappointed as I understand the impact of what's happened has been serious and has made things very difficult for her.

The key issue in this case is whether Sabre fairly avoided Miss B's policy from the date of inception due to her not providing the full market value of her car during the application. The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

If the 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 must 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.

Sabre says Miss B failed to take reasonable care not to make a misrepresentation when she answered questions about the value of her car. I'm satisfied Sabre's position here is both fair and reasonable. I say this because both Miss H and Sabre say she was asked what the market value of her car was when she took out the policy online. Miss B said it was £75,000 after buying it for £100,000 only a few weeks before. She's previously told our service and Sabre that she provided a lower market value during the application to bring down the cost of her policy.

I can see the Statement of Insurance sent to Miss B says how important it is to answer the questions correctly and sets out the purchase price and the estimated value of the car as £75,000 based on her answers. And I understand Miss B tested a variety of different car values when applying for the policy, to generate different quotes. So I think she would've been aware of how important the car value was to the insurance quote.

Based on what I've seen, I think it's more likely Miss B gave inaccurate information about her car to get a cheaper policy. So I'm satisfied she made a misrepresentation. And I can't see any reason she might've believed its value was significantly less than she'd recently purchased it for. Had she been uncertain of the value of the car, I think it's likely, she would've estimated it to be around the price she'd paid for it. So I'm satisfied she failed to take reasonable care not to make a misrepresentation.

I understand Miss B took out a GAP policy to make up the difference in cover between what she'd insured the car for, and the purchase price. But that doesn't make a difference in this case as the information she provided at the time of the sale to Sabre was still inaccurate and, that's not what GAP policies are designed for.

So Miss B failed to take reasonable care not to make a misrepresentation. But Sabre can only take action if it can show the misrepresentation was a qualifying one. Sabre has provided evidence to show it wouldn't have offered Miss B an insurance policy if she'd provided accurate information as her car didn't have a tracker as required for a car of its value. I'm therefore satisfied that, as it wouldn't have entered into the contract with Miss B, the misrepresentation was a qualifying misrepresentation. Sabre considers Miss B's representation was deliberate. In light of the information set out above, that Miss B has told us she lowered the market value in order to reduce her premiums, I accept what it says here.

As I'm satisfied Miss B's representation should be treated as a deliberate qualifying misrepresentation, I've looked at the actions Sabre can take in accordance with CIDRA. The remedies available to insurers under CIDRA, on a qualifying misrepresentation include avoiding the policy, refusing all claims and retaining the premiums paid. I understand Sabre avoided the policy from the start date. This means it's treated things as though Miss B's policy never existed so it doesn't have to deal with her claim following the theft of her car. And I'm satisfied it's entitled to do so in this case. Sabre is also entitled to keep the premiums Miss B paid for the policy but I understand it's told our service and Miss B they will be refunded once the complaint is resolved.

Overall, based on everything I've seen in this case, I'm satisfied Miss B did make a qualifying misrepresentation to Sabre. And Sabre hasn't done anything wrong by avoiding her policy and declining her claim.

My final decision

It's my decision that I don't uphold Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 4 June 2025.

Nadya Neve
Ombudsman