

The complaint

Mr B complains about Liverpool Victoria Insurance Company Limited (LV) declining a claim under his motor insurance policy.

Any reference to LV in this decision includes their agents.

In bringing his complaint to this Service, Mr B was supported by a representative. References to Mr B in this decision include his representative.

What happened

In May 2024 Mr B's vehicle was involved in an accident, while parked outside his partner's property, when it was hit by a third party vehicle. The third party left the scene, leaving their vehicle behind, which was badly damaged. The police were involved.

LV assessed the damage to Mr B's vehicle, concluding it was a total loss. There was discussion about the vehicle's market value as a total loss and LV made a settlement offer. Mr B was unhappy at the offer, as it was significantly less than they paid for the vehicle.

As part of their settlement offer, LV requested a copy of the vehicle registration document (V5c) but didn't receive it. They then made an electronic enquiry through the DVLA to establish the vehicle's registered keeper at the time of the incident. The check revealed the registered keeper of the vehicle had been changed from Mr B to his partner (Mr T) from August 2023, after the policy renewed in May 2023. The registered address of the vehicle was that of Mr T (not Mr B) and he wasn't recorded on Mr B's policy.

LV contacted Mr B to clarify the situation. He said the vehicle had been purchased by Mr B, in whose name the finance on the vehicle was taken out. Mr T called LV to further clarify matters. While the vehicle was originally purchased and registered in Mr B's name, both contributed to the payments under the finance agreement. But when the finance agreement came to an end, they decided the vehicle would be transferred into Mr T's name to avoid the risk of the vehicle ownership moving to Mr B's son. Mr T added they didn't tell LV of the change of registered keeper at the time because the vehicle finance provider told them, when settling the finance, the DVLA talk to insurers and so changing the registered keeper of the vehicle would automatically update LV with the same information.

However, this wasn't the case. LV issued a repudiation letter telling Mr B the policy *General Conditions* required him to notify them of changes relevant to the policy, which included a change in the registered keeper of the vehicle. As Mr B hadn't notified them of the change, he had breached the condition, which gave LV the right to cancel the policy. LV said had they been told about the change, their underwriters wouldn't have continued to provide cover. That meant LV would cancel the policy and wouldn't accept the claim for the total loss of the vehicle.

Mr B then complained to LV. They were unhappy at their claim being declined and said it was an oversight on their part not to tell LV about the change of registered keeper. Nor were they at fault for the accident. They were also unhappy at, following LV's decline of the claim

and notice of policy cancellation, they had been charged for having the hire car previously provided following the incident, for a few days after LV's repudiation letter.

LV didn't uphold the complaint. In their final response they referred to the question asked of Mr B when the policy was taken out about the registered keeper of the vehicle, which Mr B answered was himself. At subsequent renewals, Mr B was asked to confirm the policy details, including that Mr B was the registered keeper (and legal owner) of the vehicle. LV became aware of the change of registered keeper (made in August 2023) after the incident in May 2024. Mr T had told LV this was an oversight and had been told by the finance provider that updating DVLA with the change of registered keeper would also automatically update LV. But this wasn't the case.

LV referred to the policy terms and conditions about the requirement to notify LV of changes to the policy, including change of registered keeper. LV's underwriters had confirmed that had they been aware of the change, they would not have been able to continue cover under the policy. So, LV had decided to decline the claim and cancel the policy under the terms and conditions (not to avoid the policy from inception). LV added their decision didn't affect Mr B's rights as an innocent party to the incident, to claim directly from the third party (through their insurers, with LV providing contact details). On the additional hire charges, as LV weren't able to reach Mr B as quickly as they could to tell them of their decision, they agreed to cover the additional hire car costs.

Unhappy at LV's final response and their decline of his claim and cancelling his policy, Mr B then complained to this Service.

Our investigator didn't uphold the complaint. He noted the renewal documents issued in May 2024 required Mr B to check all the information and notify LV of any changes or corrections. The documents included a statement that Mr B was the legal owner and registered keeper of the vehicle, and the vehicle was parked overnight in the road outside Mr B's address. However, Mr T was the registered keeper and when the accident occurred the vehicle was parked at a different address. Mr B should have been aware of the need to notify LV of the changes, so in not doing he made a careless misrepresentation under the Consumer Information (Disclosure and Representation) Act 2012 (CIDRA).

Despite what Mr B had been told by the finance provider, LV weren't made aware of the change of registered keeper and Mr B should have informed LV directly. Where a qualifying, careless misrepresentation had been made, and the insurer wouldn't have been able to offer insurance had they been aware of the change, they could avoid the policy, decline all claims under the policy (but return the premiums). But LV relied on the policy terms when declining the claim and cancelling the policy. So, the investigator concluded LV acted fairly within the policy terms by cancelling the policy, declining the claim and returning the premiums. So, they didn't need to take any further action.

Mr B disagreed with the investigator's view and requested that an ombudsman review the complaint. He said the investigator's view hadn't taken into his vulnerability (and that of Mr T). They had been told by the finance provider the DVLA would pass the information about the change of registered keeper to LV, so it wasn't Mr B's fault this didn't happen. And the DVLA had told LV about the change (before the accident) but LV continued to take payments for the policy until a claim was made. Nor did he have to tell LV the vehicle had been left at a different address when the accident occurred (Mr B was visiting Mr T)

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'd first want to acknowledge what Mr B has told us about his vulnerability (and that of Mr T) and health issues. I've borne these in mind when deciding, as is my role here, whether LV have acted fairly towards Mr B.

The key issues in Mr B's complaint are, firstly, their decision to decline his claim (and cancel his policy) on the grounds he didn't tell them about the change of registered keeper of his vehicle. Mr B says he made the change for personal reasons and were told (by the vehicle finance provider) that this would automatically mean LV were updated. And the accident wasn't his fault. LV say Mr B should have told them of the change, under the policy terms and conditions, and they wouldn't have continued to provide cover had they been told about the change at the time. So, the policy terms and conditions had been breached and provided for them to decline the claim and cancel the policy.

A second issue, which doesn't appear to be a specific point of concern in Mr B's complaint to this Service (but was in his complaint to LV) concerns the additional hire car charges for a few days after LV's repudiation letter.

On the main issue, in declining the claim and cancelling the policy, LV refer to a number of policy terms and conditions. Specifically they refer to the *General Exceptions* section of the policy, which includes the following:

"1. Telling us about any changes and accepting your cover

This insurance won't apply unless:

- *You tell us about any changes (please see the list in the general conditions section); and*
- *We've agreed to cover you and issued new documents and where necessary a new certificate of motor insurance."*

The *General Conditions* referred to include the following:

"2. Changes you need to tell us about:

Please see the list of changes we need to be made aware of under the general conditions for your car.

You won't be covered for any of these changes until we've agreed to give cover and issued new personal details and, where appropriate a new certificate of motor insurance. If we agree to your change, it may result in an additional or return premium (and administration charge may apply – these charges are on your personal details).

If you don't tell us about the changes, we may reject the claim or reduce the payments we make. If the change means we can't insure you any longer, we'll give you notice of cancellation (please see general conditions – section 7 – our rights to cancel your insurance).

The *General Conditions* go on to list the following changes that need to be notified to LV:

"14. Changes you need to tell us about

You must tell us as soon as possible if:

...

- *You change the registered keeper;...”*

Taken together, I think these terms and conditions are clear.

I've also noted the insurance documents issued in May 2023 (before the change of registered keeper in August 2023) list Mr G as the legal owner and registered keeper of the vehicle. The covering letter issued with the documents asks Mr B to check all the information and let LV know if anything is incorrect. The Insurance Product Information Document (IPID) also includes a requirement (under a section headed *What are my obligations?*) to let LV if circumstances change either before the policy starts or during the period of insurance (which would include the change of registered keeper in August 2023). From the V5c document provided by Mr B, I can see it is addressed to Mr T and states the vehicle was acquired in August 2023 (with one former keeper, which would have been Mr B)..

Taking all these points together, I think Mr B should reasonably have been aware of the need to notify LV of the registered keeper in August 2023 at the time.

I recognise what Mr B has said about being told by the vehicle finance provider that changing the registered keeper of the vehicle (through DVLA) would mean LV being updated of the change automatically. But this wasn't accurate and while Mr B may have relied on what he was told, it wasn't LV's responsibility (LV only found out about the change when they ran a check with DVLA as part of their assessment of the claim) nor does it absolve Mr B of the requirement under the policy terms and conditions set out above to notify LV directly of the change.

Having reached this conclusion, I've considered whether it was fair and reasonable for LV to decline the claim and cancel the policy.

The extract from the *General Conditions* set out above states that if a change isn't notified, LV may reject a claim (or reduce the payments). Furthermore, if the change means they can't insure the policyholder, they will give notice of cancellation.

LV have provided a copy of their underwriting criteria. Looking at the criteria, the relationship between Mr B and Mr T would fall in one of the categories that the criteria mean LV wouldn't provide cover.

That being the case, I'm satisfied they've applied the *General Condition* in line with the policy terms and conditions, in declining the claim and cancelling the policy.

As the change in registered keeper should have been notified at the time it was made, it would have been a 'mid-term adjustment' to the policy. I've noted LV didn't seek to apply the remedies available under CIDRA (which are relevant to new policies or policy renewals) where a consumer makes a misrepresentation (being qualifying and – as might have been the case here – careless, rather than deliberate or reckless). In the circumstances of this case, I think that's reasonable.

I recognise this will be disappointing to Mr B, but I've tried to set out the reasons for me reaching this conclusion. I also recognise that from the circumstances of the incident, Mr B wasn't at fault for the incident, where the third party vehicle collided with his parked vehicle. I've also noted what he says about the third party driver potentially being under the influence of alcohol and drugs and known to the police. That would be a matter for the police.

Given the circumstances, together with what I've seen LV telling Mr B they recovered their costs of the claim (not including the potential settlement of his vehicle as a total loss) from the third party and his No Claims Discount (NCD) being unaffected, then it may be possible

for Mr B to make a claim for the total loss of his vehicle direct against the third party (the third party insurer) as LV set out in their final response. I think that's fair and reasonable.

While not a specific issue in Mr B's complaint to this Service, I've noted LV agreed to cover the additional hire car costs from the time of their repudiation letter, as they weren't able to contact Mr B to remove the hire car before Mr B was contacted by the hire car company. In the circumstances, I think that's fair and reasonable.

Taking all these points together, I've concluded LV haven't acted unfairly or unreasonably, 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 B's complaint.

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

Paul King
Ombudsman