

The complaint

Mr N has complained that Watford Insurance Company Europe Limited unreasonably and unfairly cancelled his motor policy and refused to indemnify him from a claim from the other driver following an accident.

References to Watford include all its agents to include the broker.

What happened

Mr N bought his car in April 2023 and the invoice from the seller is in Mr N's name. However, his father registered the car with the DVLA in his name, as he sorted out the paperwork. However, Mr N said that it turned out he was using the car more than his father so for the second year Mr N thought he would insure the car in his name with his father as a named driver. So, he bought his policy online from Watford on 6 April 2024 with him as the policyholder and his father as the named driver.

Unfortunately, on 8 April 2024 Mr N was involved in an accident which he reported to Watford on 9 April. He explained it was a mistake that his father was still registered as the keeper when he insured the car and that he had spoken to the broker who agreed it should be changed which is what he told one of Watford's agents. Mr N said Watford's agent explained he would be transferred to the indemnity team so that it could be sorted out.

However instead Watford decided Mr N had recklessly non-disclosed the information about who was the owner and registered keeper and therefore his policy was cancelled from 24 April. Mr N said Watford asked him to pay his entire premium and then asked him to pay the other driver's claim, which Mr N did.

But Mr N complained. He explained his policy was still within the 14 days cooling off period. He only realised on the night of the accident in talking to his father that he should have changed the registered keeper with the DVLA before buying the policy. He explained all this to his broker and indeed to Watford on notifying them of the accident, so he feels he has been upfront from the beginning. Mr N said he was the registered owner in any event. So, he was of the view he made a mistake which should have still been capable of being changed given the policy was so new.

Watford said in its final response letter on 8 May 2024, that it wouldn't have provided cover had it known his father was the owner and registered keeper. Therefore, it maintained his view that Mr N had recklessly non-disclosed, and it was entitled to cancel the policy and retain the premium.

Mr N brought his complaint to us. The investigator was of the view it should be upheld. He felt Mr N had made a genuine mistake over the registered keeper issue, more so given his actions in trying to correct it at the time of notifying Watford that he had been involved in an accident. There was nothing reckless in the behaviour of Mr N consequently. So, he thought Watford should remove the cancellation from Mr N's insurance record, reimburse the costs he incurred adding 8% simple interest and pay him £250 compensation.

Watford disagreed so Mr N's complaint was passed to me to decide.

I issued a provisional decision on 7 March, and I said the following:

'Having done so, I'm intending to uphold this complaint with different reasoning and a different outcome to that of the investigator. I'll now explain why.

The registered keeper and the owner of any vehicle are two different things. The owner of the vehicle is the one who has the insurable interest in the car and the one to whom any payment concerning the value of the car will be paid by the insurer or any other party. The registered keeper is the one who is registered to the DVLA as being the person in charge of the car whilst on the road. The one against whom fines for no road tax and other issues such as speeding fines would be sent and it's the person responsible for maintaining any MOT if required.

Mr N has shown via the purchase receipt for the car that he is the owner of the car, therefore he is the person with the insurable interest in the car insured by Watford. I consider this is valid evidence as it is dated at the time Mr N bought his car and it is specifically addressed to Mr N. I consider this to be of the appropriate evidence to show Mr N was the owner of this car.

Right after buying the car the previous year, Mr N explained his father registered his car with the DVLA in his own name instead of that of Mr N's.

Mr N had used the car more in the previous year so they decided that Mr N should insure the car in his own name, which he duly did with Watford. It is to be noted this was the first time Mr N had taken out a motor policy in his own name. Watford then appropriately rated Mr N both on his age and driving experience and offered Mr N a policy, which also had his father as named driver. The premium price had to have been calculated on the fact that Mr N was the owner and the main driver too, since he made the application stating those issues. So, there is nothing to show me that the premium calculated for Mr N as the owner of the car so the person with the insurable interest and as the main driver of the car wasn't properly rated by Watford.

Therefore, in real terms, Watford hasn't shown it suffered any detriment at all. Mr N realised on the night he had the accident so two days after his policy went live, that he and his father had forgotten or didn't think to change the registered keeper with the DVLA into Mr N's name from his father's name before he bought his policy. He explained this from the outset when he was reporting the accident and that this was an oversight. Throughout all the available evidence to include the call recording of 9 April 2024, it remains that Mr N was completely upfront about what he considered was an administrative error on his part. Therefore, I can see no reckless non-disclosure here, as Mr N was bringing it to both the brokers and Watford's attention from the outset. It wasn't something Watford found out later and neither was it something Mr N was at all trying to conceal.

The law concerning the type of non-disclosure Watford has decided Mr N is guilty of is covered by the Consumer Insurance (Disclosure and Representations) Act 2012. CIDRA.

It provides that a consumer must answer all the questions asked by an insurer on the application form truthfully and honestly. The test used is that of a reasonable person.

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.

However, the questions asked on the application form also need to be clear. Watford rolled both the owner and the registered keeper into one question, as it asked the following:

'Are you (or will you be) the registered keeper and legal owner?'

Beside this question is an explanatory note, which says the following:

'The registered keeper is named on the V5 certificate and will hold this document. If your vehicle is financed or leased, please check the agreement to confirm the legal owner and registered keeper. If you bought the Car or if ownership was transferred to you, as a gift, you will also be the legal owner.'

Right underneath this on the snippet of the questions asked by Watford, it asks:

What type of cover are you looking for?

And then it explains 'Comprehensive' in a box saying the following:

This covers claims made against you by others. It also covers your car if it is damaged, stolen or written off.'

Obviously, Mr N knew he was the owner of his car, and he wanted comprehensive insurance, so he had to answer yes. There was nothing for him to explain that he might not be the registered keeper of his car. Given how the question is phrased, it would be understandable by someone who was the owner of the car, to simply answer yes to it. He couldn't answer no, as he was the owner of the car. Therefore, given how the question was worded there is nothing to show me Mr N didn't take reasonable care in answering this question and that he answered it as truthfully as possible.

Consequently, I don't consider this question was clear given it wrapped up the owner and registered keeper in the same question when they can be entirely different things.

Therefore, given Mr N answered this question as truthfully as was possible, it then can't be a qualifying misrepresentation under CIDRA. If it's not a qualifying misrepresentation under CIDRA it means the insurer Watford here has no remedies under CIDRA either.

As I explained above in any event, Mr N was neither careless nor reckless given as soon as he realised, he wasn't on the V5, which was an oversight rather than something intentional, he then explained this both to his broker and Watford immediately.

Watford's final response letter concentrates on the issue that Mr N wasn't the owner of his car but that isn't right, he certainly was. Watford detailed its underwriting information which said it wouldn't have offered Mr N insurance if he wasn't the *legal owner* of his car and that his parent was instead. Mr N is the legal owner of his car though. And it separately detailed that it wouldn't have offered cover if his parent was the registered keeper. However, given how the question was asked on the

application form, and as we've seen from Mr N's completion of the question, there was no way for Watford to find this out at the application stage, as it didn't separate the questions out, so in this instance it's rather meaningless.

Further Watford hasn't detailed any detriment in real terms. It underwrote Mr N as the main driver, it rated his age and his driving experience, where he kept the vehicle and all the other parts that make up the cost of the risk being taken on by Watford and offered him a premium based on that. This is key in my view, the right premium price for the risk undertaken was offered by Watford to Mr N and he agreed to pay it. There was no advantage to be gained by Mr N here, in his oversight not to correct the V5.

Clearly Mr N made an administrative error in not changing the registered keeper to himself on the V5 and registering that with the DVLA before he bought this policy. But it was just an administrative error. As the main user of the car with only his father as the named driver and still registered keeper, there was simply no advantage gained by Mr N by this error. He didn't get a cheaper premium or better terms. Had this administrative error not occurred, the premium amount Watford required for covering Mr N and his car, would have remained the same.

Taking all of this together, namely the following:

- there was no deliberate or reckless behaviour by Mr N as he was completely upfront about this administrative error from the beginning,
- the question wasn't clear enough on the application form as Mr N was the owner of the vehicle, which in turn means this administrative error doesn't amount to a qualifying misrepresentation,
- As the main user and owner of the car, Watford rated the risk Mr N posed correctly,

It follows that in the very particular circumstances of this complaint, Watford hasn't sufficiently shown me that any remedies available to it under CIDRA are warranted here.

Therefore, I consider Watford should remove the cancellation of Mr N's policy from all internal and external databases.

Watford made Mr N pay the entire premium plus the claim of the other driver. Mr N said his car was merely cosmetically damaged only in the accident, so he didn't need to get it repaired so he had no claim to make on this policy.

He explained given the cancellation that he had to obtain cover elsewhere which he did from May 2024.

The other driver made a claim on Mr N's policy, and I believe there is no dispute that liability for this accident fell on Mr N. Watford despite retaining the whole of Mr N's premium, also required Mr N to pay the cost of this claim of the other driver.

I consider once a claim is made the full premium is required to be paid. However, since Watford cancelled the policy less than a month into the policy term, Mr N was effectively paying a premium for the same cover twice, given he had to find cover elsewhere. Therefore, I consider Watford should refund the premium of Mr N's alternative cover with interest.

Since Watford required Mr N to pay the entire premium once the accident occurred, the claim by the other driver was properly covered by this premium payment.

Therefore, I consider Watford should refund the costs of the other driver's claim which Mr N paid it, with interest.

Watford's actions obviously caused Mr N a considerable amount of distress and inconvenience. I don't consider the investigator's suggested compensation amount of £250 is adequate. Watford's actions were heavy handed in that it simply failed to show Mr N was at all reckless or deliberate. From the outset Mr N was perfectly clear he had made an honest mistake and indeed also ensured that the mistake was brought to Watford's attention from the outset, even before it investigated the other driver's claim. Consequently, I consider the level of distress it caused Mr N was significant and it should pay him a total of £750 compensation.'

Mr N accepted my provisional decision and provided proof of payment of his new policy. Watford said it had nothing further to say beyond that which it told the investigator.

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, again and in the absence of any further submissions by either party, I see no reason to depart from the reasoning and conclusions of my provisional decision.

Therefore, it remains that I'm upholding this complaint consequently.

My final decision

So, for these reasons, it's my final decision that I uphold this complaint.

I now require Watford Insurance Company Europe Limited to do the following:

- Remove all notices of the cancellation from internal and external databases.
- Refund the payment Mr N made to Watford for the cost of the other driver's claim. Adding interest of 8% simple per year from the date Mr N paid this to the date Watford refunds it.
- On proof of payment, refund the cost of Mr N's payment to obtain cover elsewhere. Adding interest of 8% simple per year from the date Mr N paid this premium to the date it refunds him. If Mr N paid this premium by instalments the interest should be calculated from each date Mr N made such an instalment.
- If income tax is to be deducted from the interest, appropriate documentation should be provided to Mr N for HMRC purposes.
- Pay Mr N the total sum of £750 compensation for the distress and inconvenience it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 16 April 2025.

Rona Doyle
Ombudsman