

The complaint

Mr X complains that Highway Insurance Company Limited (“Highway”) unfairly declined his claim for the theft of his car and avoided (treated it as though it was never taken out) his motor insurance policy.

What happened

Mr X says he took a free seven-day insurance policy when he bought a car. He informed the salesman that he had a County Court Judgement (CCJ) from five years ago and asked if he was still eligible. Mr X says the salesman took his driving licence. He then confirmed everything was okay and Mr X was covered under the free policy.

Mr X subsequently received an email that offered to extend the insurance policy. This was paid cover, which he agreed to take. His car was stolen in October 2023. Mr X made a claim to Highway. But it declined his claim saying it doesn’t provide cover for individuals with a CCJ.

Mr X says he was offered an unsuitable product and wasn’t sent policy documents so he could check the details were correct. He asks that Highway accepts his claim.

In its final complaint response Highway says Mr X is responsible for the information provided in his insurance application. This is regardless of whether a third-party entered the details for him. Highway says when Mr X agreed to his paid policy he was given access to the information he’d previously provided. He was asked to check this information and confirm it was accurate, which he did. Highway says policy documents were also made available online, and an email sent to Mr X explaining how to access this information.

Highway says its underwriting rules mean it can’t insure someone that has an outstanding CCJ against their name. Because of this it maintains that its decision to decline Mr X’s claim and avoid his policy back to inception was fair.

Mr X didn’t think Highway had treated him fairly and referred the matter to our service. Our investigator didn’t uphold his complaint. He thought Mr X had been provided with several opportunities to ensure the information he provided was accurate. But the information he provided about CCJ’s wasn’t accurate. This isn’t something Highway’s underwriting rules allow. So, he didn’t think it had acted unfairly when declining Mr X’s claim and avoiding his policy.

Mr X didn’t accept our investigator’s findings and asked for an ombudsman to consider his complaint.

It has been 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.

Having done so I'm not upholding Mr X's complaint. I'm sorry to disappoint him but I'll explain why I think my decision is fair.

The relevant law in this case is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). Under CIDRA Mr X must take reasonable care not to make a misrepresentation when taking out insurance. The test is that of a reasonable consumer. If Mr X doesn't do this, CIDRA allows an insurer to take certain actions, assuming the misrepresentation is a qualifying one. A qualifying misrepresentation is where the insurer wouldn't have provided cover at all, it would only provide cover under different terms, or it would only provide cover for a higher premium.

The remedies available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Highway has provided the questions Mr X was asked about CCJs. This says, "*Do you have any outstanding CCJs?*". Accompanying this question is some additional information that reads:

"Why are we asking this question?"

Unfortunately, if any of the below apply to you we are unable to insure you at the moment. This is because we don't currently have the individual rating functions required under these circumstances:

..CCJ's stand for County Court Judgements."

The statement of fact document Highway sent to Mr X shows he answered "*no*" to this question, confirming he had no outstanding CCJs. However, when Highway considered Mr X's claim it found that he had a CCJ that was issued on 19 September 2018. It's provided records to support this. Once a CCJ has been made this remains outstanding for a period of six years. Mr X's loss occurred in October 2023. This means the CCJ was still outstanding at this time.

Having considered this information I'm satisfied that Mr X did make a misrepresentation when he agreed to his paid policy online in September 2023. Highway has shown that it wouldn't have offered Mr X cover if he'd provided the correct information about his CCJ. This means Mr X's misrepresentation is a qualifying one.

In its complaint response Highway says Mr X's misrepresentation was careless. I think this is reasonable. I've not seen information that indicates this was a deliberate act. I think it's more likely that he made a careless mistake as opposed to deliberately providing inaccurate information. This means that under CIDRA Highway can decline Mr X's claim, avoid his policy back to inception, but it must return any premiums he's paid. The business has confirmed that it has refunded Mr X's premiums in full.

I've thought about Mr X's argument that he told the salesman he had a CCJ and that he had entered the wrong information. He says that ultimately, this is why his policy was avoided and his claim declined. I understand his point. However, both the free and paid policy were customer activated policies. It was Mr X's responsibility to ensure the information was accurate.

The seven-day free policy expired in September 2023. This is the policy Mr X says the salesman completed on his behalf. But his loss occurred in October 2023. It was the paid

policy that was in force at this time. This is the policy that was avoided and was subject to the decline decision.

It's clear that Mr X had the opportunity to read the details Highway held about him prior to agreeing to the paid policy. The business has provided a system record that shows this information was sent to him by email. This was to the same address that we have on file for him. The email explained that Mr X should read the attached information and confirm it was accurate before proceeding. It also included a link to his online account. The email says he should check his documents carefully and make sure the information is correct. The statement of fact document confirms that Mr X had declared no outstanding CCJs. I haven't seen any evidence that shows he contacted Highway to highlight this error.

Based on this information I'm satisfied that Highway acted reasonably when it applied the CIDRA rules to decline Mr X's claim and avoid his policy with the return of his premium.

I'm naturally sympathetic towards Mr X's situation and I'm sorry he's incurred such a significant financial loss. But I don't think Highway acted unfairly in the action it took. So, I can't reasonably ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr X to accept or reject my decision before 30 May 2025.

Mike Waldron
Ombudsman