

## **The complaint**

Miss K complains that Watford Insurance Company Europe Limited (“Watford”) cancelled her policy and wouldn’t pay her claim when it said she’d misrepresented her details when applying for car insurance.

## **What happened**

Miss K had a car insurance policy with Watford. She arranged the policy online, through a broker using a comparison website.

She’d been insured through the same broker for at least the year before. The policy in question ran from September 2023.

In January 2024 she was involved in a collision with a third party. She notified Watford and made a claim. It thought she would be found at fault for the collision.

Watford investigated her details and found that Miss K had misrepresented the information she’d given it when applying for insurance. She’d told it she was the registered owner and keeper of the car, but it was owned by her brother and his name was on the V5.

Watford said it wouldn’t have provided her with cover if it’d known this. It cancelled her policy and wouldn’t pay the claim. It said it regarded her misrepresentation as reckless.

Miss K wasn’t happy about this and brought her complaint to this service. She admitted she’d made a mistake and asked that the record of the cancellation could be removed.

Our investigator looked into her complaint and thought it would be upheld in part. She said she thought Watford had acted in accordance with current legislation when it cancelled the policy, but she thought Miss K had acted carelessly, rather than recklessly, so she should have her premium refunded.

Miss K accepted the view but Watford didn’t. It said it thought Miss K acted recklessly because she’d misrepresented her details for a few years, and when she made the claim she said her brother was the owner.

Watford asked that the case was reviewed by an ombudsman, so it’s been passed to me to make a decision.

I issued a provisional decision as I think Miss K acted recklessly when she applied for cover:

*I will start by saying that both parties seem to agree that Miss K misrepresented her details when she applied for cover. I can see that both indicate that the relevant legislation covering the decision I make is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA).*

*Because both parties have agreed the misrepresentation happened, I’m not going to deal with all of the details in the file of evidence in this decision. I’d like to assure Miss K that I have read the complete file even if I don’t mention it here. This is in line with this service’s*

*informal approach.*

*CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out a policy. The standard of care is that of a reasonable consumer.*

*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.*

*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.*

*Miss K accepts she didn't provide the correct information to Watford.*

*I've looked at the questions asked about the car:*

*“Are you (Or will you be) The registered keeper and legal owner?”*

*Miss K answered “Yes” to this. There's an explanatory note to help understand the question.*

*I think this question is clear, and so I think Miss K failed to take reasonable care not to make a misrepresentation.*

*I've gone on to consider whether Miss K's misrepresentation was a qualifying one. In other words, what would Watford have done differently had it received the correct information from Miss K when she applied for the cover.*

*Watford has sent this service information that shows it wouldn't have been able to offer Miss K cover if it'd known the correct ownership and keeper of the car.*

*What this means is that Miss K's misrepresentation was a qualifying one under CIDRA.*

*It follows that I think Watford's action in cancelling Miss K's policy from the start and not paying her claim was in line with CIDRA.*

*What Watford has done is to retain Miss K's premium. It's done this because it said she was acting recklessly. In later correspondence with this service, Watford said Miss K had said during the call notifying it of the collision that she was aware that it was owned by her brother. And she asked him to confirm that fact during the call. I've listened to the call, and I think Miss K was aware she didn't own the car.*

*I'll also say that Miss K hadn't updated the information about the car for about three years since she said she'd bought it from her brother.*

*Taking those facts, I don't think I can fairly say Miss K acted carelessly as I think she should have taken more care to check her documents each year. We'd also say that a qualifying misrepresentation will be reckless if the consumer knew the information they provided was untrue.*

*Miss K clearly knew the car was owned by her brother as established during the claim call, so it follows that I think it's fair I say she acted recklessly, and accordingly the remedy under CIDRA is that Watford is able to retain her premium.*

*Turning to Miss K's comment about the record of Watford cancelling her policy. I've said*

*above that I think Watford has acted in line with the current legislation when it's cancelled her policy. I don't think it's acted unreasonably in how it's handled matters, so I don't feel I can ask it to change its own records or any databases it's updated.*

### **Responses to my provisional decision**

Watford acknowledged my provisional decision, but Miss K didn't respond.

### **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.

As neither of the parties provided new information, my final decision and reasoning remain the same as my provisional decision.

### **My final decision**

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 28 April 2025.

Richard Sowden  
**Ombudsman**