

## **The complaint**

Mr A complains that Zurich Insurance PLC (Zurich) voided his motor insurance policy and didn't pay his theft claim.

## **What happened**

Mr A transferred his motor insurance via a broker to a policy underwritten by Zurich in July 2022. The policy said the insured vehicle would be kept in a locked garage at his property and a policy endorsement was applied on that basis. The policy subsequently renewed in 2023 and 2024. In August 2024, the vehicle was unfortunately stolen from Mr A's driveway, which thieves had accessed by cutting the lock on his gates. Mr A contacted Zurich to report the theft and raise a claim.

While Zurich were investigating the claim, they identified that Mr A's vehicle was not kept in a locked garage at his property, as there was no garage there at all. They decided to void the policy and retained Mr A's premiums because they said they never would have offered to cover him if they had known the vehicle was kept on his driveway.

Mr A thought this was unfair and complained to Zurich. He explained that he kept the vehicle at his place of work in a sealed unit and had taken it out to use it a few weeks prior to the theft. Zurich considered the complaint but didn't change their outcome. They said while parking the vehicle on his driveway was acceptable outside of the hours required by the garaging endorsement; Mr A had admitted that in the weeks before the theft, and on the last occasion he had seen the vehicle, it was left parked overnight on the driveway.

But Zurich said ultimately, because Mr A had told them the vehicle would be kept in a locked garage, this would be considered a misrepresentation under the Consumer Insurance (Disclosure and Representations) Act 2012 ('CIDRA') which entitled them to void the policy and not meet the claim. Mr A remained unhappy with how Zurich had handled his claim, so he brought the complaint to this Service.

An Investigator looked at what had happened but didn't recommend the complaint should be upheld. She said she was satisfied Mr A hadn't taken reasonable care when renewing out the policy and therefore a qualifying misrepresentation had occurred. And as Zurich had demonstrated they wouldn't have offered cover at all – they were entitled to void the policy and refuse the claim.

Mr A disagreed with the Investigator's findings. He said his vehicle was always garaged in a high security compound and he wouldn't have told Zurich he had a garage at his home as a standard garage wouldn't be big enough to store his vehicle. He also explained that he had told Zurich he had off road parking at his property. Mr A asked for an Ombudsman to consider the complaint – so, it's 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've reached largely the same outcome as the Investigator and I've decided not to uphold this complaint. I appreciate this will be disappointing for Mr A – so I'll explain why.

I want to start by explaining I won't be repeating the entirety of the complaint history here in my decision or commenting on every point raised. Instead, I've focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion. This reflects the informal nature of this Service and our key function; to resolve disputes quickly, and with minimum formality. However, I want to assure both parties I've read and considered everything provided.

As Zurich and the Investigator have already highlighted in their correspondence to Mr A, the relevant law here is CIDRA – which requires consumers to take reasonable care not to make a misrepresentation when either taking out a consumer insurance contract, or at renewal. The standard of care is that of a reasonable consumer. And if a consumer fails to take reasonable care, and does make a misrepresentation, 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 they 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. Zurich says Mr A didn't confirm the correct information at renewal and they voided the policy as they felt he had made a deliberate or reckless qualifying misrepresentation. So, I think the principles set out in CIDRA are relevant, and it's fair and reasonable to apply these principles to the circumstances of Mr A's claim.

That means I need to first consider whether Mr A took reasonable care not to make a misrepresentation. And when considering whether a consumer has taken reasonable care, I need to decide whether the information provided and any questions asked were clear. I understand that Zurich have said Mr A originally took out a policy via a price comparison website in 2017 and renewed several times before coming to them via a broker in 2022. They've outlined that each of these policies had a similar endorsement to their own which required the insured vehicle to be in a garage between certain hours overnight.

However, as each new policy is a separate contract of insurance, I can only consider what questions and information was asked about under the relevant policy – which here is the 2024 renewal. Additionally, I should also point out the test as to whether Mr A took reasonable care is one of a reasonable consumer, not one unique to Mr A. And this means I have to consider what I think a reasonable person would have done when presented with the information he was presented with.

Zurich says that they sent a 'Statement of Information' document to Mr A - which asked him to confirm the details held were correct. The Statement of Information listed that the insured vehicle was kept in a garage when parked overnight at Mr A's home postcode (which matched the postcode on the policy schedule). Zurich says that Mr A didn't correct this information. I take on board Mr A's comments around his vehicle being stored at his work address – but the fact remains that his policy lists his vehicle as being garaged at his home address. And as this is not correct, I'm persuaded that the evidence demonstrates a misrepresentation was made.

I've then gone on to consider whether I'm satisfied that the misrepresentation was qualifying under CIDRA. While Mr A has said that his vehicle being stored at his work address was more secure than his home address – this isn't what was disclosed to Zurich. I should also explain that it's not my role to tell a business how they should assess risk when offering insurance policies. The methods used to calculate what risk an insurer wants to take on are a commercial decision for them to make.

Zurich have provided underwriting evidence which I'm satisfied demonstrates that they wouldn't have offered the policy at all, had Mr A told them he didn't have a garage at his home address and parked the vehicle on his drive instead. This means I'm satisfied the misrepresentation was qualifying and Zurich is entitled to apply the relevant remedy available to them under CIDRA.

Zurich have classed Mr A's misrepresentation as deliberate or reckless. And under CIDRA, this means they're entitled to avoid the policy, refuse any claims, and retain the premiums paid. CIDRA says that it is for the insurer to show that a qualifying misrepresentation was deliberate or reckless. Zurich says this is demonstrated by Mr A stating that the vehicle was parked in a garage overnight – but this couldn't have been true as his property does not have a garage. So, they consider that Mr A either knew that it was untrue or misleading, or did not care whether or not it was untrue or misleading.

Based on the evidence I've seen; I think that Zurich treating the misrepresentations as deliberate or reckless was a reasonable position for them to take, given Mr A would have been aware that his property did not have a garage. It follows that I'm satisfied Zurich has shown that a qualifying deliberate or reckless misrepresentation was made, which means they are entitled to retain the premiums paid.

As Zurich have done what they are entitled to do under CIDRA for a qualifying misrepresentation, I see no reason to interfere with their decision. And because CIDRA reflects this Service's long-established approach to misrepresentation cases, I find that allowing Zurich to rely on it to avoid Mr A's claim and void his policy produces a fair and reasonable outcome in this complaint.

### **My final decision**

For the reasons given above, 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 A to accept or reject my decision before 11 June 2025.

Stephen Howard  
**Ombudsman**