

The complaint

Mr C is unhappy that QIC Europe Ltd (“QIC”) cancelled his home insurance policy after he notified it of a change in circumstance. He says his other insurance premiums have increased.

What happened

The background to this complaint is well-known to both parties, so I’ve summarised what I think are the key events.

Mr C had home insurance underwritten by QIC. His policy automatically renewed each year since 2016. In 2019, a friend stayed with him and, shortly after, became a paying lodger. In 2021, Mr C read that he’d need to notify QIC about the change in circumstance, so he contacted it to give the relevant details. QIC said that it didn’t provide cover when there were paying lodgers living in the property. It cancelled the policy back to the date that Mr C said his friend moved in and refunded his premium.

Mr C complained to QIC because it didn’t give him the chance to transfer to another insurer. And because he needed to declare the cancellation, other insurance premiums, such as his car insurance, have increased.

QIC issued a final response to Mr C’s complaint. It said that if Mr C had notified it of the change in circumstance at the time it happened, it wouldn’t have provided cover. QIC said he was responsible for checking the renewal documents and making sure that the information was correct. Therefore, QIC didn’t think it had done anything wrong by cancelling Mr C’s policy and refunding his premium. QIC did confirm to Mr C that it hadn’t recorded the cancellation on any external databases.

Unhappy with its response, Mr C brought his complaint to us. After seeking clarification of the underwriting criteria, our investigator didn’t think QIC had treated Mr C unfairly by cancelling the policy for the reasons it gave. And she thought QIC had reasonably provided reassurance that it hadn’t recorded the cancellation on external databases. That said, our investigator clarified to Mr C that he ought to be honest about the cancellation when seeking to buy insurance from other underwriters.

Mr C remained unhappy for the same reasons he gave in his initial complaint to QIC, and he asked for an ombudsman 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 decided not to uphold Mr C’s complaint for broadly the same reasons as our investigator. I’ll explain.

Because Mr C is the owner, occupier and policyholder, and there’s nothing to suggest that

he is operating primarily as a business, I think it's fair and reasonable to consider his complaint in line with the rules set out by The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (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 must 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, reckless, or careless.

While Mr C first bought the policy in 2016, and he may have provided accurate information at that time, each policy renewal is a new contract and his obligation to provide accurate information at each renewal is the same as when he first bought the policy. Therefore, I've taken into consideration QIC's decision to cancel the policy based on Mr C's responses from 2019 onwards.

QIC cancelled the policy because Mr C didn't disclose until 2021 that he'd had a paying lodger from 2019. QIC confirmed that the cancellation was due to insufficient cover because it didn't provide insurance for home owner-occupiers with paying guests or lodgers. Under CIDRA, QIC is entitled to cancel the policy because its underwriting criteria show that it would never have offered cover if Mr C had notified it of his lodger. But, because QIC thought Mr C's misrepresentation at renewal had been careless, it refunded his policy premium back to the effective date of cancellation.

Mr C hasn't disputed that he didn't tell QIC about his change in circumstance, so I'm satisfied that QIC cancelled the policy in line with the remedies available to it under CIDRA.

I've thought about whether it was fair, in the overall circumstances, for QIC to cancel the policy. It seems to me that Mr C didn't deliberately fail to notify QIC of his change in circumstance when his friend moved in. Given the extraordinary events of the pandemic around that time, and the deeply upsetting personal circumstances Mr C described, I can understand that his home insurance would not have been foremost in his mind. It's likely that, as Mr C explained, he simply didn't give the required attention to his renewal documents, rather than acting in any deliberate manner. So I think QIC treated Mr C fairly when it cancelled his policy as if it was a careless misrepresentation.

Mr C said his premium for his car insurance has increased since the cancellation. I'm aware that insurance premiums have increased more generally. However, as I've not found that QIC unfairly cancelled his home insurance policy, I can't say that it is responsible for any potential linked increase in Mr C's car insurance premium.

The final point I'll address is Mr C's concern that he has to disclose the policy cancellation when he looks to buy any other insurance in the future. QIC has made it clear that it needed to cancel the policy because Mr C had insufficient cover and the effective cancellation date was 1 December 2019. QIC has not recorded the cancellation on any external database, and it confirmed that Mr C has not been refused insurance or had the policy voided.

I think this information is important for Mr C so that he can make the appropriate disclosures when purchasing insurance in the future. But it remains that, as I don't find that QIC did anything wrong when it cancelled the policy, there's nothing it needs to do or put right in respect of Mr C's complaint.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr C's complaint about QIC Europe Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 June 2025.

Debra Vaughan
Ombudsman