

The complaint

Mr F has complained that Hiscox Underwriting Limited (Hiscox) avoided his bicycle insurance policy and refused to settle his claim.

What happened

Mr F took out a bicycle insurance policy with Hiscox online. He later made a claim when his bike was stolen.

Hiscox said Mr F had incorrectly answered the question it had asked about whether he could press a button or twist a handle to make the bike go without pedalling. And it considered this to be a careless/ deliberate or reckless qualifying misrepresentation, which entitled it to avoid the policy and decline to settle the claim.

Mr F brought his complaint to this Service. Our Investigator thought it should be upheld. He said Hiscox hadn't shown Mr F had made a misrepresentation. He said Hiscox should deal with the claim based on the normal policy terms. It should also pay Mr F £200 compensation for the distress caused to him and pay 8% interest if it made a cash settlement for the claim.

As Hiscox still maintained that Mr F had made a misrepresentation, the complaint was referred to me.

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.

The relevant law in this case is 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 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.

Hiscox thinks Mr F failed to take reasonable care not to make a misrepresentation when he took out the policy. It said that as part of the process to obtain the policy there was a four question 'test' to check whether the e-bike was illegal. This included a question about whether the bike could be made to go without pedalling. So, I've looked at the question. This

was *“Can you press a button or twist a handle to make it go without pedalling?”*. Hiscox has said that if Mr F had answered “yes”, he would have been shown a message that said the bike wasn’t classed as a pedal-assisted electric bike. This would also have explained that ‘twist and go’ or push button activated bikes weren’t pedal-assisted so were classed as motor-vehicles. It voided the policy on the basis that it wouldn’t have offered cover had it known the correct details of Mr F’s bike.

I’ve looked at the manufacturer’s website to see how it described Mr F’s bike. This included a question and answer that said:

“Do I need to pedal?”

In order to get the bike moving, you must pedal at least one full rotation. After this, the thumb throttle can be engaged.”

The website also said *“Our folding eBike is not cold-starting, meaning that it needs to be pedalled before the motor can be engaged.”*

So, from what I can see, the bike couldn’t be made to “go” without pedalling. I’m aware that Hiscox has provided this Service with reviews from an online retailer which it said showed that people had said the bike could be used without pedalling, including to start it moving. However, I think it’s reasonable to rely on the manufacturer’s information. Based on what I’ve seen, I think Mr F correctly answered the question asked.

I have also looked at the government guidance on electrically assisted pedal cycles (EAPC), which was linked to in the insurance application process. This said an EAPC *“must have pedals that can be used to propel it”*. The electric motor must also have a continuous rated power of no more than 250 watts and must not propel the bike when it’s travelling at more than 15.5mph. The bike had pedals that could be used to propel it and the manufacturer’s website confirmed that the bike was *“fitted with a 250 watt rear-hub high speed silent brushless motor to assist pedalling up to speeds of 15.5 mph”*. So, I think this also supports that it was reasonable for Mr F to think his bike was suitable for cover when he took out the policy.

So, based on everything I’ve seen, I don’t think it was fair for Hiscox to decide Mr F made a misrepresentation. This meant it wasn’t entitled to take the action it did under CIDRA. So, I think Hiscox needs to reinstate the policy and remove any reference to its voidance from internal and external databases. Mr F should note that if Hiscox has refunded the premium, he might need to pay this again in order for the policy to be reinstated. It should also deal with the theft claim Mr F made under the policy. If it cash settles the claim, Hiscox should pay 8% simple interest on that amount from the date on which it declined the claim to the date on which it makes the payment to Mr F, as he lost use of the money. I’m also aware that Mr F has explained the impact on him of how Hiscox dealt with the claim. As part of that Mr F complained to Hiscox about his frustration with its claim handling. In response, Hiscox apologised. Looking at Hiscox’s complaint handling overall, I also think Hiscox should pay Mr F £200 compensation to reflect the impact on him.

My final decision

For the reasons I have given it is my final decision that this complaint is upheld. I require Hiscox Underwriting Limited to:

- Reinstate the policy and remove any reference to its voidance from internal and external databases.
- Continue to deal with the theft claim based on the terms and conditions of the policy and on the basis that the bike is covered.

- If it cases settles the claim, pay 8% simple interest on that amount from the date on which it previously declined the claim to the date on which it makes the payment.
- Pay Mr F £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 29 August 2025.

Louise O'Sullivan
Ombudsman