

The complaint

Miss B has complained that Zurich Insurance Plc avoided her motor insurance policy.

What happened

Miss B took out a policy through a broker, who I'll refer to as P, with Zurich in October 2020. This policy covered a personal vehicle which belonged to Miss B's partner, which I'll refer to as vehicle M. And a commercial vehicle, which I'll refer to as vehicle C, which belonged to a company I'll refer to as L, which Miss B was a director of.

In September 2021 Miss B added a named driver, who I'll refer to as Mr B, and another vehicle, which I'll refer to as vehicle H, to the policy. This policy renewed on 19 October 2021 and a new policy started at this time which was also in Miss B's name and covered the same vehicles and drivers. Vehicle C was stolen on 27 October 2021. After a long running investigation, Zurich avoided the policy which had started on 19 October 2020 with effect from 8 September 2021. This was on the basis Miss B had misrepresented the overnight location of vehicles H and C, the main driver of vehicle C and the claims history of Mr B.

Zurich also refused to pay the claim Miss B had made following the theft of vehicle C. Miss B complained about this to Zurich, but it wouldn't alter its position. So she asked us to consider a complaint about the avoidance of the policy and Zurich's rejection of the claim for vehicle C.

One of our investigator's considered Miss B's complaint about the avoidance of the policy and the rejection of Miss B's claim. I then issued a provisional decision, in which I said Zurich was wrong to avoid Miss B's policy and that it should effectively reinstate it and consider Miss B's claim for vehicle C. But we then explained we couldn't actually consider Miss B's complaint about Zurich's refusal to meet the claim for vehicle C. This was because it was owned by L and Miss B was not eligible to complain about the rejection of a claim for it for this reason. So, Miss B made a new complaint to Zurich about this on behalf of L. Zurich rejected this complaint and refused to pay the claim for vehicle C. We then considered this complaint at Miss B's request. And I eventually issued a final decision explaining why I did not consider Zurich needed to meet L's claim for vehicle C.

The complaint Miss B originally referred to us, which included the avoidance of her policy with effect from 8 September 2021 was not moved forward and was eventually closed.

We then agreed to continue with our consideration of Miss B's complaint about the avoidance of her policy from 8 September 2021 under the above case reference. But it is the same complaint that she originally referred to us, which included the impact on her reputation, mental health and finances as a result of Zurich's avoidance of her policy. But it excluded Zurich's rejection of the claim for vehicle C, as only L was eligible to bring a complaint to us about this.

I issued a provisional decision on 23 June 2025 on Miss B's complaint about the avoidance of her policy with effect from 8 September 2021 in which I set out what I'd provisionally decided and why.

In this I explained why I did not consider Zurich had demonstrated it had the right to avoid this policy from this time. And I said it needed to remove any record of the avoidance against Miss B and pay her £500 in compensation for the distress and inconvenience the avoidance had caused to her.

I gave both parties until 7 July 2025 to provide further comments and evidence in response to my provisional decision. And I then allowed Zurich a one week extension.

Miss B responded to say that she did not consider the compensation I had suggested for distress and inconvenience was enough, bearing in mind the impact having a policy avoidance on her record had had on her personally.

Zurich responded by challenging my jurisdiction to consider Miss B's complaint about the avoidance of the policy on the basis she had referred it to us more than six months after it had issued its final response letter in December 2022. Zurich also argued that even if the complaint was in jurisdiction, it had already been considered and should therefore be dismissed.

It also pointed out that it had avoided Miss B's policy from 8 September 2021 and not 25 September 2021 as mentioned in my provisional decision.

Zurich then provided further comments on the merits of the complaint. It argued that the policy Miss B held was one contract and that the relevant law on her responsibilities when taking it out was the Insurance Act 2015, as it was essentially a commercial contract. It maintained that Miss B failed to make a fair presentation of the risk when she added Mr B and vehicle H to the policy from 8 September 2021. And that it was therefore entitled to avoid it from this point. It said if its underwriters had been aware of Mr B's accident and claim from 2018 it would have charged a higher premium. And it argued Miss B or P on her behalf should have disclosed Mr B's accident from 2019 irrespective of the question on the statement of fact, as part of their duty under the Insurance Act 2025 to make a fair presentation. Zurich also argued that if this had been declared, it would also have resulted in a higher premium being charged.

Zurich also said if Miss B had provided the correct residential address for Mr B it would have refused to add him to the policy. And it would also have refused to add vehicle H if it had known it was normally kept overnight at Mr B's address in London. And it argued that there were a number of misrepresentations and non-disclosures made by Miss B aimed at reducing the premium under her policy. And it said it considered these to be at least reckless.

Zurich also raised issues about the information provided when Miss B took out the policy originally in October 2020 and suggested if the avoidance of the policy from 8 September 2021 is overturned it will avoid the original policy from October 2020.

It's provided a list of the misrepresentations made by Miss B when she took out the policy and added Mr B and vehicle H to it and argued that it is not appropriate for her to receive compensation for the distress and inconvenience of the avoidance of the policy in these circumstances.

Once I had considered Zurich's response to my provisional decision I emailed it setting out my further consideration of the points it had raised.

I explained that it was clear from the complaint form Miss B provided when she referred her complaint to us in January 2023 that she was complaining about the avoidance of her policy,

as well as about the declinature of her claim under it. And I said this meant her complaint about these matters had been referred to us in time. I also explained that this complaint was never fully considered by us and therefore should not be dismissed. I also explained that it remained my view the policy Miss B had at the point it was avoided (which was from 8 September 2021 and not 25 September 2021 as mentioned in my provisional decision) was made up of three separate contracts. I then said the contract for vehicle C was subject to the Insurance Act 2015, because it covered a vehicle predominantly used for business, whereas the contracts for the other two vehicles were subject to the Consumer Insurance (Disclosure and Representations) Act 2013 (CIDRA).

I went on to explain that I accepted Miss B and P had failed to take reasonable care not to make a misrepresentation in accordance with Miss B's duty under CIDRA when adding Mr B to the policy in September 2021. I said this was because they had failed to declare his accident and claim from 2018. But I explained that I did not think there was a breach of this duty in respect of Mr B's accident in 2019, as he had never intended to claim for it and there had never been a claim against him in respect of it. I also explained that I accepted Miss B failed to take reasonable care by failing to provide the right address for Mr B. I then clarified that I did not consider any of these breaches to be deliberate or reckless. And that if they hadn't occurred it seems Zurich would simply have refused to add Mr B as a driver and charged a higher premium, so they did not give Zurich the right to avoid this contract or the contract for vehicle M.

For completeness, I also explained my view on the contract for vehicle C. And said I did not think Zurich was not entitled to avoid this either.

Zurich responded to my email with further comments. It pointed out the complaint form Miss B provided when she referred her complaint to us only referred to recovery of the cost of vehicle C in the section on how Miss B wanted Zurich to put things right. And not all the complaint points dealt with in its final response were carried forward when Miss B referred her complaint to us in January 2023. Although, it did not actually say whether it now accepts I have jurisdiction to consider Miss B's complaint about the avoidance of her policy.

Zurich also said it still does not accept that the policy Miss B had after she added vehicle H on 8 September 2021 comprised three separate contracts – one for each vehicle. It has actually suggested if it is split into three separate contracts this should be done by insured persons, as opposed to insured vehicles. And it still believes that Miss B's obligations when taking the policy out were under the Insurance Act only and not under CIDRA as well. And it still believes her incorrect responses in providing information constituted reckless or deliberate failures to make a fair presentation in accordance with the Insurance Act.

Zurich has also said that while it accepts the complaint I am considering relates to the avoidance of Miss B's policy with effect from 8 September 2021, its proposed avoidance of the policy from October 2020 is likely to give rise to another complaint and my comments on this would be helpful.

Finally, Zurich has said that it maintains it was entitled to avoid Miss B's policy from September 2021 on the basis it was misled as to the true nature of the risk it was being asked to insure in what appears to have been a deliberate attempt to reduce the premium, irrespective of whether this was done by Miss B or P.

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, it remains my view that Miss B's complaint should be upheld for the reasons set out in my provisional decision.

I consider I have the jurisdiction to consider Miss B's complaint about the personal impact on her of the avoidance of the policy in her name with effect from 8 September 2021 because she specifically referred to this as part of her complaint when she referred it to us in January 2023. This was initially considered as part of her complaint by one of our investigators and I issued a provisional decision on it. But then the focus became Miss B's complaint on behalf of L about the declinature of the claim for vehicle C. And Miss B's complaint about the avoidance of her policy was not considered further until my second provisional decision of 23 June 2025. So, I do not consider there is any reason why this complaint needs to be dismissed, as it has not been subject to an ombudsman's decision and Miss B has made it quite clear she now wants it to be considered.

It also remains my view that the policy Miss B had after she added vehicle H and Mr B to it was three separate contracts for each of the vehicles insured under it. I do not consider it constituted a separate contract for each insured person. This is because each vehicle was a specific risk that needed to be insured for a specific purpose or purposes. And because vehicles M and H were mainly for personal use, I consider the contracts covering these were subject to CIDRA. And because vehicle C was predominantly for business use, I consider it was subject to the Insurance Act.

The contract covering vehicle C

For the reasons I have already set out to Zurich, I consider this was a commercial contract and subject to the Insurance Act 2015. So, I do not think I can consider Miss B's complaint about the avoidance of this contract, as she did not take this policy out as a consumer, i.e. acting for purposes outside her trade, business or profession.

The contract covering vehicle H

When Miss B added Mr B and vehicle H to her policy on 8 September 2021, she effectively took out the contract to cover vehicle H. And I consider Miss B and P failed to take reasonable care not to make a misrepresentation in relation to this contract by failing to declare Mr B's accident and claim from 2018. However, I still do not consider this failure was reckless or deliberate. I consider it was careless. I say this because it is clear that neither P nor Miss B checked with Mr B about his full claims history and this is why they failed to declare the claim he'd had in 2018. And this for me was a careless act, not a reckless or deliberate attempt to mislead.

I consider Miss B also failed to take reasonable care when she, through P, provided the wrong address for Mr B and the wrong overnight location for vehicle H. But, again, I do not believe this was a reckless or deliberate attempt by her to mislead Zurich. I think it was simply due to her not properly considering where Mr B actually lived and stayed overnight most of the time in view of his complicated lifestyle. Nor do I consider there was a failure to take reasonable care on her or P's part in relation to the accident Mr B had in 2019. I say this because the statement of fact suggests that this incident did not need to be declared, as it never led to a claim by Mr B and he never intended to make a claim for it.

However, while there were clearly failures on Miss B's part and the part of P to take reasonable care not to make a misrepresentation, I do not believe Zurich has done enough to show it was entitled to avoid the contract covering vehicle H because of it. This is because, while I accept it would probably not have provided cover for Mr B, I still consider it would have provided cover for vehicle H under a policy in Miss B's name. This is based on what Zurich has said in its submissions about the flexibility of the scheme under which

Miss B was insured and the fact she declared Mr B was the registered keeper of vehicle H and this didn't cause a problem for Zurich.

The contract covering vehicle M

Zurich did not raise any issues with the information provided in relation to this contract when it avoided Miss B's policy on 8 September 2021, so I do not consider it was entitled to avoid this contract from this date. The statement of fact suggested that Miss B's partner was the owner, which it seems may not have been the case. But Zurich did not give this as a reason for avoiding Miss B's policy.

In summary, I do not consider Zurich was entitled to avoid the contracts in respect of vehicles H and M, which means I think its decision to avoid Miss B's policy as a whole with effect from 8 September 2021 was unfair and inappropriate. In view of this, I do not consider Miss B should have a record of the policy being avoided against her name personally.

I do not consider it is appropriate for me to comment on Zurich's view that it could have the right to avoid Miss B's policy from October 2020, as it has not actually done this and Miss B's complaint is not about this issue.

I have noted Zurich's concerns about the compensation I suggested for the distress and inconvenience Miss B experienced as a result of its decision to avoid her policy. And I've also noted Miss B's concern that she should receive more than £500. But the reality is that much of the reason Miss B was in the position she was in was due to the way her broker set up the policy to cover the vehicles she wanted to insure. And, while Zurich's decision to avoid her policy from 8 September 2021 was driven by its discovery of the abovementioned failings by Miss B and P, I still do not believe it properly considered these in light of the relevant legislation. So, I think its avoidance of the policy from this point was inappropriate and unnecessary. And this clearly caused Miss B a great deal of distress and inconvenience and had a knock on effect for her. So, it remains my view she should receive £500 in compensation for the distress and inconvenience its decision to avoid the policy caused to her.

Putting things right

For the reasons set out in my provisional decision dated 25 June 2025 and above, I've decided to uphold Miss B's complaint about Zurich Insurance Plc and require it to do the following:

- Remove any record of the avoidance of Miss B's policy with effect from 8 September 2021 against her name personally from its records and any external databases it has placed it on.
- Pay Miss B £500 in compensation for distress and inconvenience.

My final decision

I uphold Miss B's complaint about Zurich Insurance Plc and order it to do what I have set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 September 2025.

Robert Short
Ombudsman