

The complaint

Mr K complains that Haven Insurance Company Limited avoided his motor insurance policy and didn't deal with his claim.

What happened

Mr K took out a motor insurance policy with Haven through a price comparison site. After his car was stolen, he made a claim to Haven.

Haven said he'd answered the question asked about his vehicle value incorrectly. And it considered this a deliberate, qualifying misrepresentation, which entitled it to avoid his policy and not deal with his claim.

Mr K didn't think this was fair so he complained. Haven didn't change its stance, so Mr K brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't think Mr K's complaint should be upheld. They thought Haven had shown Mr K had made a qualifying misrepresentation and they thought Haven was acting reasonably by treating it as deliberate. They therefore thought Haven was entitled to avoid the policy, keep the premium Mr K had paid it, and not deal with the claim.

Mr K didn't agree. He thought it was unfair to say he'd deliberately entered wrong information because he based his answer on different comparison websites. Our Investigator didn't change their opinion, so, Mr K asked for an Ombudsman's decision.

I issued a provisional decision explaining why I was thinking of upholding Mr K's complaint. It said:

"Haven has relied on the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) to explain its actions. 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.

Haven thinks Mr K failed to take reasonable care when he gave his answer to a question asked about how much his vehicle was worth.

But I don't think CIDRA is the relevant law here. That's because being asked how much your vehicle is worth is a statement of opinion, not fact. And, therefore, I don't consider can be a misrepresentation under CIDRA.

But while CIDRA doesn't strictly apply, I think applying an approach similar to that set out in it helps lead us to a fair and reasonable answer.

Essentially Mr K still had a duty to be open and honest with Haven. So, what I have to answer here is "Did Mr K give a reasonable answer when asked about the value of his car?" And, if he didn't "What would Haven have done differently if he did?"

So, while not strictly looking at CIDRA and whether Mr K took reasonable care, I am looking at the reasonableness of his answer.

Haven thinks Mr K's answer is not only unreasonable, but deliberately wrong. It says this because Mr K went to a number of comparison websites and entered a multitude of different quotes, with his vehicle ranging in value from £45,000 to £59,000. Haven also said that while Mr K obtained estimates of his vehicles value from other comparison websites, the one he eventually used valued his vehicle at £52,930, which Mr K then manually changed to £45,000. It thinks this shows Mr K knowingly put in a lower value.

Mr K says he used a number of comparison sites, and they all gave him different values for his vehicle. He says one gave a value of £42,780, one a value of £46,620 and another, the one he used, a value of £52,930. He says he used a rough average of the three when entering his value of £45,000. Mr K says there's no obligation to use the generated figure on the comparison website and doesn't think changing it is a sign he deliberately gave an incorrect, deliberately low, answer. He's also acknowledged he generated a number of quotes but has said this too doesn't show that the information he ultimately entered was unreasonable, or deliberately wrong.

Considering both sides' points I'm more persuaded by Mr K's.

As set out above, valuing a vehicle is a statement of opinion. This is clearly evidenced by the comparison sites generating three different figures, and the valuation guide Haven used to determine the value of Mr K's vehicle giving a further different figure (£55,255).

Given the range of values produced by those comparison sites I don't think Mr K's answer of £45,000 is unreasonable at all. It's not the average of the values as Mr K has said, but it's firmly within the range of values. In order for me to say using that answer was unreasonable.

I'd need to be persuaded Mr K knew it was wrong. And I'm not persuaded Haven has shown that.

I've considered whether Mr K changing the value the comparison site he used generated makes any difference. And I don't think it does. That value was autogenerated, but there was nothing to say that it needed to be used to generate the quote. In fact the opposite is true. The dialogue box encourages the proposer to change the value if they don't think it's right.

I've also considered whether Mr K taking out 33 different quotes with the value of his vehicle ranging from £45,000 to £59,000 is evidence that he knew his car was worth more than the £45,000 he entered. But again, I don't think it does. Customers are encouraged to shop around for the best insurance for them. And as mentioned the vehicle value is a matter of opinion not fact – so it's not unreasonable to change that factor when looking at different quotations. I don't think the act alone of running multiple quotes is evidence that Mr K gave a deliberately wrong answer. I accept that someone running a number of quotes which contain differing details can sometimes raise a concern for insurers – but it isn't fair to say that just because a number are run, the consumer is most likely doing something wrong.

Nor do I think it's evidence of his answer of £45,000 being unreasonable.

I appreciate other things were changed in these quotes, but none of that is evidence that what he submitted to Haven was incorrect.

I do have some sympathy with Haven here though. It's shown that for a number of quotes which Mr K ran where he'd put his car's value over a certain amount, it wouldn't have offered insurance.

It's likely his car is worth over that amount based on the valuation guides. So I can see why Haven doesn't think it should have to deal with Mr K's claim. But Haven having established, at the time of the loss, what the likely reasonable value for his car was doesn't make his answer given when the policy was arranged, based on a number of suggested values, unreasonable.

Based on the above, I don't think Mr K's answer in relation to the value of his car was unreasonable. Following this, I therefore don't think Haven's avoidance of his policy and its decision not to deal with his claim was fair.

Ultimately here Mr K made a choice to input his car's value at £45,000. As stated above, I don't think that was unreasonable. But in doing so he chose a policy which limited his coverage to what was set on his schedule. So, while I'm thinking of requiring Haven to deal with his claim, I'll not be requiring it to pay more than that limit of cover.

I understand Haven has pointed out that the purchase price Mr K gave is incorrect – he said £45,000 when it's been shown to have been £67,000. That is a matter of fact, so would be capable of being a qualifying misrepresentation under CIDRA. But importantly, Haven's not shown what difference that's made. I.e. it's not shown what it would have done differently had Mr K told it the purchase price of the car was £67,000. It was Haven's choice how to deal with this matter, it wouldn't be fair for it to now seek to apply this alternative reason as a bar to its policy liability, or to limit its outlay for Mr K's claim.

Having a policy avoided and your claim not being paid will cause distress and inconvenience. Mr K has explained here he's not been able to transport his wife around at a time of need and that being without the car (or funds to get another) has made daily life more difficult. I can appreciate that. So I'll be requiring Haven to compensate for that."

To put things right I recommended Haven needed to:

- *Effectively reinstate Mr K's policy to the point of renewal following the loss or until Mr K took cover elsewhere, marking it as lapsed at renewal or cancelled by Mr K, whichever is appropriate.*
- *Assess his claim in line with the remaining terms. Any payment can be limited to the limit of coverage set out in the schedule. Any payment would also need interest applied at 8% simple per annum, from the date of the initial decline to the date Haven makes settlement.*
- *Remove any record of cancellation/avoidance of this policy from internal and external databases.*
- *Provide a letter confirming the removal of the cancellation or avoidance – Mr K can then provide this to any current insurer to re-rate the policy without the cancellation/avoidance being a factor.*
- *Pay Mr K £400 compensation for the trouble and upset caused for avoiding the policy and not dealing with the claim.*

Mr K accepted that decision. Haven didn't. It accepted CIDRA didn't apply here but said it disagreed that Mr K's answer could be considered reasonable.

It said Mr K must have known it was wrong and importantly knew the effects of putting in that wrong value – i.e. getting offers of insurance for less and from more providers, one of which being Haven.

Haven also pointed to the fact that in the multiple other quotes Mr K ran, he changed other details such as his NCD and the vehicle's annual mileage as well as changing the risk address and the date of birth of his named driver. It said this was clear evidence that Mr K knew the importance of the answer he was giving and that it made a difference to what policy he was offered and on what terms.

It also said Mr K used more aggregator sites than he claimed in coming to a valuation for his car – but it's not provided details of this.

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'm not changing my decision. I'll explain why.

I appreciate what Haven has said in relation to Mr K knowing the effect his answer had on his premium and the choice of insurer available to him. This is acknowledged in my decision above. Mr K made a choice, knowing that Haven wouldn't insure him on a vehicle over a certain amount. And I agree it's likely he knew that other insurers may have offered him cover for that increased value for a higher premium.

But that in itself doesn't make his answer deliberately wrong or unreasonable. As set out in my provisional decision, he made a choice to say his car was worth £45,000 knowing that he would get a policy that would only insure him up to that amount. I'm not proposing Haven pay him any more than this, and so Haven would be in effect acting as if the value of Mr K's car is £45,000 – something it would insure.

The value of a vehicle, is ultimately as set out above, an opinion. I set out in my provisional decision that I think putting in a value within the range of values produced by comparison sites is reasonable. I appreciate Haven has said two further comparison sites were used, but no detail has been provided on those, so I'm unable to take that into consideration. I'm not persuaded that later examples ran on the same sites are relevant information as to why Mr K entered his car to be worth what he did at the time he took out the policy.

Haven has pointed out that throughout the multiple quotes Mr K ran, he changed more details. It listed annual mileage, NCD, risk address and the date of birth of the named driver as all being changed at some point. But it's not alleged that anything that ultimately came through to it on the quote that turned into this policy was incorrect (other than the purchase price addressed in my provisional decision). And barring the annual mileage, which is an estimate, all the other things pointed to are material facts.

So yes, I agree Mr K knew the effect of changing these, but in the quote he actually took out with Haven, all these were correct. Or at the very least, I've not been told they're incorrect.

This ultimately leaves the only thing "incorrect" being the value of the vehicle. Which as explained above, is a matter of opinion.

That to me, rather than showing Mr K deliberately misled Haven into providing him cover it wouldn't have otherwise offered, shows he made a choice to insure his car for £45,000, with an insurer that would insure his car for that amount.

Putting things right

Because nothing I've been sent persuades me to depart from my provisional decision, what I require Haven to do to put things right also remains the same. For clarity, that is:

- Effectively reinstate Mr K's policy to the point of renewal following the loss or until Mr K took cover elsewhere, marking it as lapsed at renewal or cancelled by Mr K, whichever is appropriate.
- Assess his claim in line with the remaining terms. Any payment can be limited to the limit of coverage set out in the schedule. Any payment would also need interest applied at 8% simple per annum, from the date of the initial decline to the date Haven makes settlement.
- Remove any record of cancellation/avoidance of this policy from internal and external databases.
- Provide a letter confirming the removal of the cancellation or avoidance – Mr K can then provide this to any current insurer to re-rate the policy without the cancellation/avoidance being a factor.
- Pay Mr K £400 compensation for the trouble and upset caused for avoiding the policy and not dealing with the claim.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. To put things right Haven Insurance Company Limited needs to take the actions set out in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 15 July 2025.

Joe Thornley
Ombudsman