DRN-5642461

The complaint

Mr M complains about Watford Insurance Company Europe Limited (Watford) cancelling his motor insurance and declining claims for two accidents because he didn't tell them about a change in his occupation.

Any reference to Watford in this decision includes their agents.

What happened

Mr M took out a motor insurance policy with Watford, to run from December 2023 to December 2024. The cover was for social, domestic and pleasure purposes (not including business use) and Mr M recorded his employment status as 'employed' and his full-time occupation as 'warehouseman or woman'. Mr M paid the premium of £801.19 in full through a single payment.

However, in November 2024 Mr M had two accidents in quick succession. He contacted Watford to tell them about the accidents and lodge claims. On the accident report form Mr M completed, he stated his occupation was self-employed driver. When asked for further details, Mr M provided evidence of employment by a fast-food delivery firm.

However, Watford said their underwriting criteria didn't allow for cover for any occupation related to fast food. Had Mr M declared his [change of] occupation, Watford said they would have cancelled the policy. As the only occupation stated on the accident report form was self-employed driver, it was reasonable to conclude it was his main occupation. In any event, the policy terms and conditions, and the Insurance Product Information Document (IPID), required Watford to be notified of any change in occupation. As such, the policy would not have been in force at the time of either accident. So, Watford declined both claims and cancelled the policy. Watford also concluded Mr M deliberately or recklessly made a misrepresentation under the Consumer Information (Disclosure and Representation) Act 2012 (CIDRA) and so they were entitled not only to decline the claims and cancel the policy, but to retain the premium paid by Mr M.

Unhappy at having his claims declined and policy cancelled, Mr M complained to Watford. He said he was unaware a change in part-time employment had to be notified immediately. And at the time of both accidents, he wasn't using his vehicle for deliveries. Since July 2024 he was unemployed and receiving benefits as his primary source of income. His work as a fast-food delivery driver was occasional and not full-time employment, so he considered it was secondary to his status as unemployed.

Watford didn't uphold the complaint. In their final response, they said Mr M disclosed his occupation as Warehouse Operative when he took out the policy, with no secondary occupation noted. This was acceptable to Watford's underwriters and cover was offered on that basis. But from the accident report form, it was clear Mr M was employed as a delivery driver and had Watford been told of this, they would have cancelled the policy as their underwriting criteria did not allow cover for any occupation related to fast food. The policy wording and IPID clearly required changes in occupation to be notified. As it was his occupation that was unacceptable, it didn't matter whether the vehicle was being used for

deliveries at the time of the accidents. So, Watford maintained they made the correct decision to decline both claims and cancel the policy.

Mr M challenged Watford's final response but they maintained their position. They noted Mr M said his primary status was unemployed, but Watford said this status didn't exist – either he was in employment (so not unemployed) or he was not. He couldn't be both unemployed and employed in any capacity at all, even if only for a few hours, at the same time. While accepting he wasn't engaged in delivery work at the time of both accidents, that wasn't why they had declined the claims. Rather, it was because the occupation of fast-food delivery driver was unacceptable. Had Mr M told them of the role as soon as it commenced, they would have cancelled the policy. As this would have happened before either accident, there could be no cover for either. The only reason Watford hadn't cancelled the policy was because Mr M failed to tell them about his change of occupation.

'Occupation' under the policy covered any occupation held by the policyholder and Mr M was asked to declare any occupations a policy inception, when Mr M only declared 'warehouse operative'. While Mr M thought (incorrectly) he didn't need to notify changes to any secondary occupation, that didn't explain why he didn't tell Watford when his occupation of warehouse operative ended, so Mr M hadn't old Watford of any change in occupation and when he started a secondary occupation.

Mr M then complained to this Service, unhappy at Watford's decline of his claim. He thought it unfair as the policy wording on changes in occupation, particularly those relating to secondary or part-time work was unclear. He maintained he didn't deliberately mislead Watford, being unaware part-time work should be disclosed. Cancelling his policy was also unfair, to avoid having to accept his claims. He'd been affected financially by having to cover the cost of repairs to his vehicle (and possibly the third party's costs). What happened also caused him stress. He wanted Watford to accept his claims and review whether their policy wording was sufficiently clear on the need to disclose secondary/part-time working.

Our investigator upheld the complaint, concluding Watford hadn't acted fairly. Mr M provided further evidence which he thought showed he acted in good faith when obtaining temporary commercial cover when undertaking deliveries, as well as highlighting language difficulties as a foreign national living in the UK. Having considered the circumstances, the investigator concluded Mr M made a qualifying misrepresentation under CIDRA by not telling Watford about his change of occupation, which the policy terms and conditions required him to do, including any part-time work. Watford had provided underwriting evidence showing they wouldn't have provided cover had they known about the change.

But from the evidence provided by Mr M, the investigator concluded while it was fair for Watford to avoid the policy for misrepresentation, it wasn't fair to treat it as deliberate or reckless and they hadn't provided enough evidence to support their decision. The investigator concluded it was a careless misrepresentation, as Mr M had taken out temporary cover for deliveries. As a careless misrepresentation, it was unfair for Watford to retain the premium, so they should refund Mr M the premium paid under the policy. The investigator also thought Watford should pay Mr M £100 compensation for distress and inconvenience.

Mr M disagreed with the investigator's view and asked that an ombudsman review the complaint. He didn't think the outcome was fair or proportionate to his situation and why he'd taken out his policy with Watford, to protect him and others in the event of an accident. He'd answered questions to the best of his understanding and if he had made a mistake, it was unintentional. By avoiding his policy and declining his claims, he was liable for significant claim costs, which was financially and emotionally devastating. When taking out the policy, he was never told clearly that occasional fast-food deliveries would invalidate his policy. He wasn't asked if he was going to use his vehicle for deliveries and he had input 'warehouse

operative' as his main role, for which he was offered cover. There was no warning that any part-time role would result in the policy being avoided. He took out separate, commercial insurance to cover his delivery driver role, so mitigating any risk to Watford. He wanted Watford to reinstate his policy and cover the cost of the claims.

Watford also disagreed with the investigator's view and requested that an ombudsman review the complaint. While they maintained Mr M made a reckless misrepresentation, they were prepared to refund the premium paid to bring the complaint to a conclusion. But they didn't agree any compensation for distress and inconvenience should be paid.

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.

My role here is to decide whether Watford have acted fairly towards Mr M.

The key issue in Mr M's complaint is whether Watford acted fairly and reasonably in avoiding his policy and declining his claim on the grounds he didn't tell them about his fast-food delivery driver role. He maintains he acted in good faith, and it wasn't clear he needed to declare the part-time role. He also took out commercial insurance to cover his part-time role. Watford says Mr M made a qualifying, deliberate or reckless misrepresentation by not declaring the part-time role, which he was required to do under the policy terms and conditions. As they wouldn't have covered him had they known about the role, they were justified in avoiding his policy and declining his claims.

In considering the issues in the complaint, from the information and evidence from Mr M and Watford, it appears when Mr M took out the policy, he was employed as a warehouse operative. But subsequently he ceased to have the role – Mr M told Watford he was reliant on benefits from July 2024 and considered himself unemployed. But he had a part-time role as a delivery driver for a fast-food company. The change in employment status and occupation wasn't notified to Watford at the time of the change(s). Looking at the accident report form completed by Mr M, it records under 'Occupation' the answer 'self-employed driver' (which was subsequently clarified to be a fast-food delivery driver).

As this was the first time Watford were aware Mr M's occupation had changed, I've considered whether Mr M should reasonably have been aware of the need to notify Watford of his change of occupation. Watford refer to the requirement being set out in the policy booklet setting out the detailed terms and conditions and the requirement in the IPID, which sets out the more important features of the policy. The IPID includes the following under a heading of '*What are my obligations'*:

> *"You must let your broker know if there are any changes to your personal details or changes to your car."*

While this doesn't explicitly refer to changes in occupation or employment status, I think it reasonable to include changes to both personal details.

Turning to the policy booklet, it includes the following wording under *"Section 18 Changes which may affect your cover"*:

> *"The Terms of your policy and premium are based on the information you have given us. If any of this information changes you must notify us by calling your broker. Below are some examples of what you should tell us. Please note these lists are not exhaustive and you should contact your broker if you are unsure about whether you*

need to inform us of a change. Any changes to your policy will be subject to our agreements and may not be acceptable,,,

You must tell us immediately if:

- *You or anyone covered by this policy ceasing or changing jobs, or starting a new job, including any part-time work…"*

I think this wording is clear about the need to tell Watford **immediately** (my emphasis) when ceasing or changing jobs, starting a new job, including any part-time work. I also think this would include Mr M ceasing to be a warehouse operative and starting his new role as a delivery driver, including where it was part-time.

So, I've concluded Mr M should reasonably have known he needed to tell Watford, when it happened, about his change of jobs and taking up part-time work as a delivery driver.

Having reached this conclusion, I've then considered whether it was fair for Watford to decline the claims and cancel the policy. Watford point to their right to cancel the policy, which is also included in the same section of the policy wording covering changes that should be notified, where it says:

"Failure to notify any required changes and to take reasonable care to ensure that any information supplied is provided honestly, fully and correctly may result in your policy being cancelled or treated as if it never existed, or your claim being rejected or not fully paid."

I've also noted the Certificate of Insurance issued under the policy includes, under a section headed *Limitation as to use* the following statement:

"Commercial travelling, business use, use for tuition, use for hire or reward for fast food delivery or as a courier."

I think this should also reasonably have made Mr M aware that being expressly excluded indicated Watford would not cover fast food delivery and should also have indicated it would be unacceptable to Watford for Mr M to be covered while having the role and is consistent with Watford's underwriting criteria that cover would not be provided had they known about the role. Which may, perhaps, have influenced his decision to obtain separate, commercial cover from another insurer for his fast-food delivery role.

In this case, Watford say their underwriting criteria mean they wouldn't have provided cover because of Mr M's role as a fast-food delivery driver. They've provided evidence of the criteria, and they confirm that fast food (occupation) would be treated as a 'decline'. So, I've concluded that Watford wouldn't have offered the policy form the point of the change in occupation (about which Mr M didn't inform them).

Mr M makes the point that in taking out the policy, he was never told clearly that occasional fast-food deliveries would invalidate his policy. However, as he didn't mention any fast-food delivery role, there would have been no reason for Watford to tell him they wouldn't accept fast-food delivery as an occupation of role. It would only have become relevant as and when he took up the role. Similarly, on the point he makes that he wasn't asked if he was going to use his vehicle for deliveries, Watford – based on the information he provided when he input 'warehouse operative' as his main role – would have had no reason to ask him the question.

It follows that in not telling them about the change, Mr M made a qualifying misrepresentation under CIDRA as Watford wouldn't have offered the policy (under any terms). So, I've concluded they acted fairly in declining the claims and cancelling the policy.

I've then considered whether, as Watford contend, the misrepresentation was deliberate or reckless on the part of Mr M (which enabled them to apply the remedy of avoiding the policy and retaining the premium}.

Mr M says it wasn't intentional he didn't tell Watford about the change in occupation and his part-time role as a fast-food delivery driver. He notes he took out separate cover with another insurer to cover the role. I've also noted he openly declared the change when he completed the accident report form, which I think it unlikely had he been deliberately or recklessly seeking to avoid telling Watford about the change. So, on balance I'm persuaded his omission was careless rather than deliberate or reckless, and Watford haven't provided persuasive evidence he deliberately or recklessly didn't tell them of the change.

Having reached that conclusion, then I've concluded Watford didn't act fairly in retaining the policy premium. So, to put things right, they should refund the premium they retained on cancellation (avoidance) of the policy. I note that, in responding to our investigator's view, Watford are prepared to refund the premium as a way of resolving the complaint.

Having concluded Watford didn't act fairly in treating the misrepresentation as deliberate or reckless and retaining the premium, I've also concluded Watford caused Mr M distress and inconvenience, implying as it did he deliberately withheld telling them about his change of occupation rather than making an unintentional mistake.

In the circumstances of the case, I think the level of distress and inconvenience, having regard to the published guidelines from this Service on our approach to awards for distress and inconvenience, suggests an award of £100 for distress and inconvenience would be fair.

My final decision

For the reasons set out above, my final decision is that I uphold Mr M's complaint. I require Watford Insurance Company Europe Limited to:

- Refund Mr M the premium he paid for his policy.
- Pay interest, at a rate of 8% simple, on the premium refunded from the date they cancelled Mr M's policy to the date they refund the premium.
- Pay Mr M £100 compensation for distress and inconvenience.

Watford Insurance Company Europe Limited must pay the compensation within 28 days of the date we tell them Mr M accepts my final decision. It they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 September 2025.

Paul King
Ombudsman