DRN-5644353

The complaint

Ms O is complaining Haven Insurance Company Limited cancelled her motor insurance policy.

What happened

Haven was contacted by a third party who said Ms O's vehicle had collided with their stationary vehicle. The vehicle was in the possession of Ms O's sister – who I'll refer to as Ms O1 – at the time. Ms O1 was a named driver on the insurance policy so Haven spoke with her to discuss the incident. Ms O1 disputed being involved but in doing so Haven said she told it that she was driving to work at the time.

Following this, Haven contacted Ms O to say it believed the vehicle was being used for commuting purposes, which was outside of the policy's permitted usage. And it said it was cancelling the policy as a result.

Ms O didn't think this was fair, so she referred her complaint to this Service. Since doing so, Haven has raised various other concerns about the information Ms O provided during the application:

- Ms O said the vehicle would do around 4,000 miles a year, but the MOT history for the vehicle revealed that it travelled around 10,000 miles a year. It said it wouldn't have offered the policy had the correct mileage been disclosed.
- A number of policy applications had been made for the insured vehicle around March 2025 with three different people being separately recorded as the owner and main user of the vehicle. So, it queried whether the right owner of the vehicle had been disclosed.
- It noted Ms O1 had told this Service that she was a part-time beautician. But Ms O had declared Ms O1 didn't have any secondary occupations.

I issued a provisional decision not upholding this complaint and I said the following:

"I should first set out that I acknowledge I've summarised Ms O's complaint in a lot less detail than she has presented it. Ms O has raised a number of reasons about why she's unhappy with the way Haven has handled this matter. I've not commented on each and every point she's raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure Ms O and Haven, however, that I have read and considered everything they've provided.

Initial cancellation of the insurance policy

Haven initially cancelled the insurance policy because it believed the vehicle was being used for commuting purposes. The terms of the insurance policy allowed Haven to cancel the insurance policy if it wanted to do so. But cancellation can have severe implications on a consumer. So I don't think it's fair for Haven to cancel the policy unless it has a good and fair reason for doing so.

Haven's concerns stem from a conversation it had with Ms O1 where it says she said she was driving to work when the alleged incident happened. Ms O and Ms O1 dispute she was driving to work, so I've listened to the telephone conversations she had with Haven. In these calls she says:

- *"I was leaving to go to work and I was just like driving out of the parking spot where I was parked."*
- *"It was the morning I was going to work I saw the note on my vehicle."*

It's clear from these statements that Ms O1 told Haven she was driving the vehicle to work. This is known as commuting. The terms of the policy only allowed the vehicle to be used for social, domestic and pleasure purposes. So it was reasonable for Haven to have the concerns it had.

However, owing to the severe implications of cancelling a policy, I would have expected it to have carried out a more detailed investigation into what happened – i.e. was this a one-off event or a more regular occurrence. But it didn't do so. I acknowledge a more detailed investigation may still have resulted in Haven cancelling the policy, but I'm not persuaded Haven treated Ms O fairly in this regard in cancelling the policy without discussing its concerns with Ms O first.

However, Haven has also since set out a number of other concerns it had which it says entitled it to avoid the policy even if the vehicle wasn't being used for commuting. I've now thought about whether what it's set out is fair and reasonable.

Later concerns around information given at the policy inception

As I said, Haven has raised several concerns around the information Ms O provided when she took out the policy. And it says it was entitled to avoid the insurance policy based on these concerns in any event.

The relevant law in this case is the Consumer Insurance (Disclosure and Misrepresentation) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract. 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. One of these is how clear and specific the insurer's questions were. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless or careless.

If the misrepresentation was reckless or deliberate and an insurer can show it would have at least offered the policy on different terms, it's entitled to avoid the consumer's policy. If the misrepresentation was careless, then to avoid the policy, the insurer must show it would not have offered the policy at all if it wasn't for the misrepresentation.

I've thought about what happened in this case and whether Haven's application of CIDRA is fair.

Haven initially said Ms O made a misrepresentation on two points – Ms O1's occupation and where the vehicle was kept. Haven has subsequently acknowledged Ms O didn't misrepresent Ms O1's occupation regarding being a magistrate when the policy started. So I won't comment further on this. Haven has also raised several new concerns. While I note its concerns and they don't seem to be without merit, in this decision I've largely focussed on whether Ms O misrepresented where the vehicle was kept and, if so, whether this amounted to a qualifying misrepresentation.

When Ms O took out the insurance policy, she told Haven – through her broker – that the vehicle was kept at Ms O1's address and in a garage. But that's not correct. Ms O1's property did not have a garage so it couldn't have been kept in a garage at that address. Ms O has later advised that she didn't keep the vehicle overnight at Ms O1's property, but it was kept in a garage at Ms O2's address. However, the statement of fact – the document that sets out the information Ms O advised Haven of – asks Ms O to confirm two points:

1. State the address at which the vehicle is normally kept; and
2. Overnight Location.

I'm satisfied Haven has clearly set out what it wanted to know. As I said, Ms O advised her vehicle was kept at Ms O1's address and in a garage. So this means, Ms O has either misrepresented the address the vehicle is kept at or its overnight location. So she has made a misrepresentation. I've now thought about whether she failed to take reasonable care in making such a misrepresentation.

As the vehicle owner, Ms O clearly would know where the vehicle is kept overnight. Ms O has said the questions she was asked when she took out the insurance policy weren't clear. And she maintains she answered the questions correctly.

Ms O initially applied for the insurance policy through a comparison website and she was directed to a broker. I should set out that, as Ms O took out the policy through a broker, it was the broker's responsibility to carry out a suitable fact find from Ms O to gather the information Haven asked it to provide. And, as I said, the statement of fact asked the broker to confirm where Ms O kept the vehicle and in what location. Haven isn't responsible for the broker's actions here.

However, Haven has also provided the questions Ms O was asked when she took out the policy through the broker, which I have considered when thinking about whether Ms O herself took reasonable care not to misrepresent. And she was asked two questions:

1. Is your home address different to where your vehicle is kept overnight?
2. Where is the vehicle kept overnight?

I understand Ms O clicked "yes" to the first question as she said the vehicle was usually kept at Ms O1's address and "garage" to the second question. Ultimately, Ms O didn't answer these questions correctly because, as previously stated, there was no garage at Ms O1's address and so I'm satisfied she failed to take reasonable care not to make a misrepresentation in doing so.

However, as I said above, for the misrepresentation to be a qualifying one, Haven has to show it would have offered the policy on different terms or not at all if Ms O hadn't made the misrepresentation. So in thinking about this, I've thought about what I think is the most likely scenario.

I've considered what Ms O has told us about where she kept her vehicle, but I've not found it to be persuasive. As I said, she clearly told Haven – through her broker when the policy started – that she kept the vehicle at Ms O1's address. This was an active choice she made to say the vehicle wasn't kept at her home address, but at a secondary address. If she actually kept the vehicle at Ms O2's address, I think she would most likely have said as such when first applying for the policy. I also note she wrote to this Service and said the following:

"Initially, I submitted two applications. I used my main address out of habit but updated it to reflect the actual location due to renovations at my main property."

So Ms O also advised this Service that the vehicle was kept at Ms O1's address. I've considered Ms O's later comments that she kept the vehicle at Ms O2's address. But I'm not persuaded that's likely. To park the vehicle at Ms O2's address she would have to make her way back to Ms O1's property afterwards as she didn't live there as she said she lived with Ms O1 and her mother at that time. But, from what I've seen, Ms O2's address isn't close enough to Ms O1's address to easily walk and in fact seems to be around a mile away. I find it unlikely Ms O would do this every time, especially as she has a young child.

Finally, Haven has also provided copies of insurance applications she carried in March 2025. And I understand in all of these applications it was declared that the vehicle was kept at Ms O1's address.

Ultimately, taking everything into consideration, I think it's more likely than not that the vehicle was kept at Ms O1's address but not kept in a garage overnight.

Haven has provided me with confidential, business sensitive information to explain what it would have done had Ms O not made the misrepresentation. I'm afraid I can't share that information with Ms O, but I've considered it carefully. Having done so, I'm satisfied Haven wouldn't have offered the policy to Ms O had it known the true circumstances of where she kept the vehicle. It follows, therefore, that I'm satisfied the misrepresentation was a qualifying misrepresentation.

Haven has said it considers the misrepresentation to be deliberate or reckless. I've thought about whether that's fair. For a misrepresentation to be deliberate or reckless, Haven has to show Ms O:

- *knew the information they provided was untrue or misleading or did not care whether it was untrue or misleading; and*
- *knew that the matter to which the misrepresentation related was relevant to the insurer, or did not care whether or not it was relevant to the insurer.*

As I said, I'm not persuaded Ms O did keep the vehicle in a garage overnight. And, as I said, I think some of the other concerns Haven has provided aren't without merit. As I've said above I've found Ms O's testimony to have been inconsistent and not plausible in the handling of this claim and complaint. I consider the misrepresentation of where the car was kept to have been more than a simple mistake and, so, I don't think it was unreasonable that Haven considered this to be a deliberate or reckless misrepresentation. CIDRA allows Haven to avoid an insurance policy and retain the premium in these circumstances. So I don't think it was unreasonable that Haven didn't provide Ms O with a premium refund after it cancelled the insurance policy."

Ms O didn't agree with my provisional decision and, in summary, she raised the following points:

- She maintained she would always drop her car off at her sister's house. She said childcare wasn't a barrier to this as her mother didn't work and could look after her child as and when needed.
- She said she wasn't using the car regularly, so she didn't have to take the car to Ms O2 daily. She also said there were regular bus routes between the properties. Or, she said she could do the 15 minute walk, take a taxi or get a lift from Ms O2.
- She said her car had a fault with its mileage clock and she said she could provide proof of this if needed. She acknowledged she'd driven slightly more than 4,000 miles, but said it was significantly less than the 10,000 miles suggested by the MOT records.
- She said her sister hasn't worked as a beautician since Covid-19. So she said she didn't provide false information about this.
- She firmly refuted any suggestion that she'd deliberately provided false information. She said all the addresses discussed are within two miles of each other. She acknowledged a false address may have been entered, but she said that this was likely due to an autofill application on her mobile device. She set out she'd lived at her mother's address for 15 years and had only recently moved to her own property. So, most of her accounts were defaulting to her mother's address.
- She set out that the key documents she used to verify the information she provided was the statement of fact, which only referred to overnight location. She said it didn't ask for a "specific overnight address". She said she reviewed this document carefully at the time of taking out the policy and said all the information contained within it was accurate. She maintained that there was no misrepresentation of facts within this document.
- She maintained that she'd tried to present a clear and accurate picture of where the car was kept throughout, but feels she's been unfairly penalised for doing so.

Haven provided some further information – including call recordings – which it said cast further doubt on the testimony Ms O had provided. It also said this reaffirmed that Ms O1 had said she was driving to work, rather than to be a magistrate.

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.

I've considered all the additional comments raised, but I've come to the same conclusion as I did in my provisional decision.

Ms O has provided a detailed response to my provisional decision, which I've summarised above. I assure Ms O and Haven that I have read and considered everything they've both said. However, while detailed, I don't think Ms O provided any new persuasive comments surrounding the inconsistencies in her testimony that I set out in my provisional decision.

Haven has provided further call information which it says reaffirms it was entitled to cancel the policy because it believed Ms O1 was using the car for commuting purposes. However, as I set out in my provisional decision, Haven was entitled to have concerns about how the car was being used. But I think it should have carried out further investigations – in particular setting out its concerns to Ms O – *before* it cancelled the policy. And the information Haven has provided doesn't change my findings regarding this. However, as I also said in my provisional decision, I think it's likely it still would have still cancelled the policy, had it carried out these investigations – especially given the additional concerns it subsequently highlighted to this Service.

I’ve now thought about the comments Ms O1 raised.

Firstly, I note she said she reviewed the statement of fact before she took out the policy to check the information provided. But that’s not possible. The statement of fact would only be created once she’d bought the policy and it would have been sent separately once the policy was taken out. So it could not have been considered as part of the policy application process. As I said, Haven has provided the online application Ms O went through and she was asked two questions:

1. Is your home address different to where your vehicle is kept overnight?
2. Where is the vehicle kept overnight?

She did not answer this correctly for all the reasons I set out in my provisional decision.

I’ve considered what she’s said about where the car was kept overnight, but this doesn’t detract from the inconsistencies I set out in my provisional decision. As I said previously, this was a new application and Ms O actively set out that her car wasn’t kept at her home address, but it was kept at a different address. I don’t think his would be a situation where it was pre-populated, but I think it was likely to be a deliberate choice by Ms O to detail Ms O1’s address as being where the car was kept overnight.

Furthermore, as I set out previously, Ms O wrote to this Service and said the following:

“Initially, I submitted two applications. I used my main address out of habit but updated it to reflect the actual location due to renovations at my main property.”

So she in effect told this Service that she kept the car at Ms O1’s address. I’ve considered Ms O’s comments about how she would take the car to Ms O2’s address, but I don’t find this plausible. I don’t find it likely that, whenever she wanted to use the car, she would travel over one mile to collect the car, either on foot or by public transport and then do the same in return at the end of the day. And it’s also important to note that Ms O1 had said the car was parked at her address when she said she was leaving for work on the day of the alleged incident – i.e. confirming it had been parked overnight at her address. Overall, I still think it’s more likely than not that she kept the car at Ms O1’s address overnight. And, so, I still think it's most likely that the car was not kept in a garage overnight.

Finally, I’ve noted Ms O’s comments surrounding the discrepancy on the car’s mileage and also Ms O1’s part-time occupation. But, as I set out in my provisional decision, while I’ve noted Haven’s comments surrounding this, in this decision I’ve largely focussed on whether Ms O misrepresented where the vehicle was kept and, if so, whether this amounted to a qualifying misrepresentation. So, while I note what Ms O and Haven have said on this, it hasn’t changed my decision.

Overall, I’m not persuaded Ms O or Haven have given me anything to make me conclude that my findings in my provisional decision were unreasonable. So I still don’t think it was unfair for Haven to have cancelled the insurance policy and not provide Ms O with a premium refund.

My final decision

For the reasons I've set out above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 6 October 2025.
Guy Mitchell
Ombudsman