

The complaint

Miss G complains that Watford Insurance Company Europe Limited unfairly refused to settle a claim on her motor insurance policy.

Miss G's policy is administered by an insurance intermediary operating under a different name to Watford. However, as Watford is the policy's underwriter, it is responsible for claims decisions and complaints about those. So in this decision I will only refer to Watford even where the policy administrator has taken actions on its behalf.

What happened

Miss G was in an accident when her car left the road. The police attended and arrested her for failing to give a breath specimen at the scene. An ambulance took her to hospital. Miss G then gave a blood sample to the police and she was de-arrested.

Miss G's car was deemed a total loss. Watford said that as she failed to give the police a breath sample she was in breach of her policy's terms and conditions. So it refused to pay her claim and cancelled her policy. Miss G brought her complaint about that to the Financial Ombudsman Service. One of our Investigators looked into it. He didn't think Watford had dealt with Miss G fairly. So he said, subject to Miss G providing the relevant evidence, Watford should: reinstate her policy; reassess her claim; reimburse her if she had to pay more for a replacement policy; add 8% simple interest to any sum paid to Miss G; remove records of the policy cancellation from shared databases; and consider compensating Miss G for the loss of use of her car.

Watford didn't agree with our Investigator's complaint assessment so the matter's been passed to me to decide.

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.

Miss G does not know how the accident happened. She said she was going shopping when she heard a bang and the next thing she knew she was coming round sat in her car which was in a ditch. A witness said she'd been unconscious for around four minutes.

The police and an ambulance attended. The police asked Miss G to give a breath specimen. She said because she was confused and in shock she refused and was arrested. But she later gave a blood sample and was de-arrested. She said she had not been drinking alcohol at the time. The police have not charged her with any crime and it has since been unable to locate the results of her blood test.

Watford has refused to pay Miss G's claim. It said it had done so because the policy says it will not provide cover where the driver is:

- *driving unfit through drink or drugs*
- *failing to provide a blood, urine or breath specimen (other than for a roadside test), for analysis*

There's no convincing evidence that either of those terms apply to Miss G. I've seen no tangible evidence that Miss G was deemed to be unfit to drive through drink or drugs. And while Miss G accepts that she was initially arrested for refusing a breath test, this was a 'roadside test' and as such the above exclusion would not apply to her situation.

The policy does also exclude cover for:

Failing to provide a blood, urine or breath specimen when required to do so, without lawful reason.

As I've already said it's not in dispute that Miss G initially refused to give a breath specimen. She said she did so because she was shocked and confused having just been knocked unconscious in a car accident. And it's notable the police later de-arrested her once she'd given a blood sample. There's also no evidence of the police deciding to prosecute her for any crime. So it would appear that the police decided Miss G did have a lawful reason to refuse the breath test initially. Further, she did later give a blood specimen when required to. So the above exclusion would not apply. In those circumstances I'm satisfied that Watford was not acting fairly when it applied the above exclusion nor when it said that Miss G was in breach of the policy conditions.

I'll add that Watford's told us that at an earlier stage of Miss G's complaint she had disputed refusing to give a breath specimen. Watford hasn't given us the full details surrounding that correspondence, so I don't know what Miss G allegedly said. But, as far as I'm aware it was Miss G herself who told Watford that she had refused a breath test and been arrested as a result. So given that she has since clearly told Watford about refusing the breath test, I don't think her earlier comment is relevant to whether or not Watford has fairly declined her claim or cancelled her policy.

It follows, again, that I don't think Watford fairly applied a policy exclusion when deciding Miss G's claim. Similarly, I don't think it's provided tangible evidence that she was in breach of her policy conditions. So I don't think it cancelled her policy fairly.

Putting things right

I require Watford to take the following steps:

Miss G's policy would have expired in December 2025 so it is no longer possible for Watford to reinstate it. But it is still able to reconsider the claim as I've set out below. However, as it cancelled her policy unfairly it should remove any record of the cancellation from shared databases.

If Miss G took out another policy that was more expensive as a result of the policy cancellation then, subject to her providing evidence of that, Watford should reimburse her for the difference in premiums because of that cancellation. Watford should add 8% simple interest to any sum reimbursed from the date she paid it to the date it makes payment to her¹.

It should also reassess Miss G's claim subject to the remaining terms and conditions of her policy. Given the reasons I've set out, it may not apply an exclusion for failing to provide a breath specimen when doing so. Assuming it pays her claim, it should add 8% simple interest to the claim settlement it pays to Miss G from one month from the date of claim – as I would consider this a reasonable period of time to consider, investigate and settle the claim – to the date it makes payment to her.

¹ If Watford considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Miss G how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Subject to Watford paying Miss G's claim and her providing the appropriate evidence Watford should consider whether Miss G has incurred additional 'loss of use' expenses because of its initial decision to decline her claim. If so it should reimburse her for those and add simple interest at a rate of 8% to any sum reimbursed from the date she suffered the loss(es) to the date it reimburses her.

My final decision

For the reasons given above I uphold this complaint. I require Watford Insurance Company Europe Limited to take the steps set out under the heading 'putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 9 February 2026.

Joe Scott
Ombudsman