

## **The complaint**

Mr B complains that AA Underwriting Insurance Company Limited (“AA”) mishandled his motor insurance policy.

## **What happened**

The subject matter of the insurance policy was a hatchback car, first registered in 2021.

By about June 2023, Mr B had acquired the car.

In October 2024, Mr B went on a comparison (or “aggregator”) website. He gave information including that he was “Employed”. He took out a policy to cover the car with AA for the year from late October 2024.

On about 18 January 2025, Mr B’s car was involved in an accident. He made a claim to AA. AA asked Mr B for evidence of his employment status. He provided documents showing that he’d been unemployed since August 2024.

By about 21 February 2025, AA had told Mr B that he had made a misrepresentation and that it was treating the policy as void and declining the claim. Mr B complained to AA that it wasn’t treating him fairly.

By a final response dated 14 March 2025, AA turned down the complaint. Mr B brought his complaint to us straight away. He asked us to decide whether AA should meet his claim, remove the voidance from his record and pay him compensation.

Our investigator didn’t recommend that the complaint should be upheld. She referred to Consumer Insurance (Disclosure and Representations) Act 2012 (“CIDRA”). She thought that AA had acted fairly.

Mr B disagreed with the investigator’s opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- AA is willing to insure unemployed customers.
- He had an honest and unintentional misunderstanding of the employment status question.
- AA should’ve done upfront verification when the policy was taken out.
- Voidance is disproportionate and unfair. AA could’ve adjusted the premium.
- The impact on him has included loss of a car valued at around £12,000.00, difficulty in getting affordable car insurance and in pursuing work opportunities.

## **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.

CIDRA imposes a duty on a consumer to take reasonable care not to make a misrepresentation when taking out an insurance policy.

If a consumer makes a careless misrepresentation that makes a difference to the insurer, then the misrepresentation is a qualifying one and the insurer has certain remedies.

If the misrepresentation makes the difference that the insurer would otherwise have quoted a higher premium, then the remedies include a proportional settlement. A proportional settlement is the payment of that proportion or percentage of a claim that the premium paid bears to the correct premium.

If the misrepresentation makes the difference that the insurer wouldn't otherwise have offered cover, then the remedies include declining any claim and treating the policy as void.

If the misrepresentation is not merely careless but reckless or deliberate, then the insurer may also decline to refund the premium.

Mr B has asserted that AA does insure drivers who are unemployed. Our investigator has asked him for evidence of that, but he hasn't provided enough such evidence.

The rules by which we are bound allow us to receive information from regulated firms in confidence. AA has sent us, in confidence, certain underwriting evidence. From that, I'm satisfied that it wouldn't have offered cover if it had known that Mr B was unemployed.

From evidence of the online journey, I'm satisfied that Mr B was faced with a clear question:

*'What's your employment status?'*

He could've selected "*Unemployed*". Instead Mr B selected "*Employed*". From the documents he provided to AA after the claim, I'm satisfied that his answer was incorrect. And since he ought reasonably to have known that he wasn't employed, I find that Mr B failed to take reasonable care to avoid making a misrepresentation to AA that he was employed. In other words, Mr B made a careless misrepresentation.

By a welcome letter dated 20 October 2024, AA said the following:

*"What you need to do now  
On the next page you'll find a list of all your documents, how to get in contact if you need us, and what happens at renewal. Have a look through and make sure that you've all the cover you need and that your details are correct. If you need to change anything, go to [theaa.com/your-account](https://theaa.com/your-account) or call us."*

That was a week or so before cover started. The documents included the following:

*"Occupation- Full time                      Engineer  
Employment status                      Employee"*

So I consider that Mr B had an opportunity to check the documents and correct his mistake but he didn't take that opportunity.

AA was entitled to rely on what Mr B had said. I don't find that AA treated Mr B unfairly by not asking for evidence of his employment in October 2024 or before the accident in January 2025.

As I've found that AA wouldn't have offered cover if it had known that Mr B was unemployed, and Mr B made a careless misrepresentation, I consider that it was reasonable for AA to decide that the misrepresentation was qualifying under CIDRA.

CIDRA gave AA the remedy of treating the policy as void and declining the claim. I don't find that AA treated Mr B unfairly by invoking that remedy. I don't consider that AA treated Mr B unfairly by not allowing him an opportunity to cancel the policy himself.

I've noted that AA refunded the premium.

I accept that AA has recorded its action, and it's likely to affect Mr B's ability to get motor insurance in the future. Nevertheless, I'm satisfied that AA's actions were in line with CIDRA. So I don't find it fair and reasonable to direct AA to change the way it has recorded the voidance or to pay the claim or to do any more in response to this complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct AA Underwriting Insurance Company Limited to do any more in response to this complaint.

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

Christopher Gilbert

**Ombudsman**