

The complaint

Mr K complains that Covea Insurance plc (“Covea”) said he’d misrepresented his details when applying for his car insurance, so it charged him an additional premium.

What happened

Mr K applied for a car insurance policy with Covea. He bought the policy through a broker using a comparison website.

When he applied for cover in December 2024, Mr K told Covea he’d not made a claim in the previous five years.

Covea set up his policy. It carried out some background checks and found that Mr K had made a claim in December 2021 that he hadn’t told it about.

It added the claim to his policy, and told Mr K he’d have to pay an additional £49.57.

Mr K paid the increased amount but then complained and asked for it back.

Covea didn’t respond to his complaint within eight weeks, so Mr K brought his complaint to this service. He asks that Covea refunds the extra premium.

Our investigator looked into it and thought his complaint would be upheld. He thought Covea hadn’t acted in line with the relevant legislation when it uplifted the premium on his policy. He said Covea should refund the £49.47, but this would mean Mr K had a policy that would only settle claims on a proportionate basis. As Covea hadn’t provided this service with a breakdown of the premium charged, he also thought that, if Mr K made a claim, the proportionate premium uplift should be set at £39.67.

Covea didn’t agree with the view and asked that this complaint was reviewed by an ombudsman. So it’s been passed to me to make a final decision.

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 upholding Mr K’s complaint, but I am making a slight change to the outcome reached by our investigator.

This would normally mean I would need to issue a revised Provisional Decision followed by a Final Decision. But for speed, and as I think it’s a minor change, I’m going to issue this as a final decision.

When looking at a complaint where there is a failure to disclose relevant information, I must first consider whether there has been a qualifying misrepresentation under the relevant law which is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA).

CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out 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.

In Mr K's case, there was a previous incident in 2021 he hadn't disclosed. The question asked of him when he applied for cover was:

"Have you ever had any motor accidents, claims or losses in the past 5 years, no matter who was at fault or if a claim was made?"

I think the question is clear, and so I think Mr K failed to take reasonable care not to make a misrepresentation.

I've gone on to consider whether Mr K's misrepresentation was a qualifying one. In other words, what would Covea have done differently had it received the correct information from Mr K when he applied for the cover.

Covea has sent this service information that shows it would have charged Mr K a higher premium if it had known his correct claims experience. What this also means it's likely Covea think Mr K's misrepresentation was careless, rather than reckless.

What this means is that Mr K's misrepresentation was a qualifying one under CIDRA.

I also note that Covea hasn't dealt with Mr K's misrepresentation under CIDRA.

CIDRA doesn't talk about whether Covea can charge Mr K the additional premium. We'd say that charging this extra amount is fair if Mr K agreed to it. But as I say above, Mr K didn't agree and made this complaint specifically about it.

What this means is, Covea's actions in charging the additional premium weren't fair, and it needs to return this to Mr K plus 8% simple interest from the date he paid it to the date it makes this payment.

We'd say the remedies Covea can choose are to cancel the policy, or proportionately settle any future claims based on the premium Mr K paid against the premium he should have paid. I asked Covea what it would do if I required it to refund the additional premium and it said it would cancel his policy.

I asked Mr K what his response to that would be, and he told me he would cancel his policy before Covea did. He also asked that this service proceeded to cancel his policy for him – but that's not our role. It's for Covea and Mr K to liaise to make those arrangements now.

I've also reminded Mr K that if he wishes to keep the 'full' cover, then he can repay or allow Covea to keep this additional premium.

Although our investigator has said he thinks Covea has only shown that the additional premium should be £39.67, Covea seems to have shown that the premium uplift from the

start of the policy Mr K should have paid as £49.47. I'm going to deviate from the view here and say that I think Covea can use £49.47 as the proportionate underpayment amount.

As I think it's clear Mr K misrepresented his details when he applied for cover, I'm not going to make any further award.

I'll finish by saying that, under CIDRA, whether it's Covea or Mr K who ultimately cancels his policy, he'd be entitled to a pro-rata refund of his premium.

CIDRA doesn't mention any fees, so we think it would be unfair of Covea to apply them.

So, I'm upholding Mr K's complaint and direct Covea to return the additional premium to him, adding interest at 8% simple. The route from then on is detailed in my decision above and both parties should be mindful of what I've said in it.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint.

I direct Covea Insurance plc to refund £49.47 to Mr K in respect of the additional premium it charged him. Interest at 8% simple should be added to this amount, from the date Mr K paid it to the date Covea refunds him.*

*If Covea considers that it's required by HMRC to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Covea must pay the compensation within 28 days of the date on which we tell it Mr K accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 3 December 2025.

Richard Sowden
Ombudsman