

The complaint

Mr B has complained about his motor trade insurer Zurich Insurance Company Ltd because it declined his claim and the policy was cancelled. He thinks it also caused that claim to be delayed.

What happened

Mr B, via a broker, arranged cover with Zurich (branded in the name of another broker “K”) in February 2024. The broker confirmed to Mr B that the policy with Zurich required` all vehicles to be kept on private property. Mr B agreed to the cover and the policy began.

On 30 August 2024 Mr B added a car “V” to the policy. On 2 September V was damaged by fire and Mr B made a claim to Zurich. Zurich began investigating the claim but Mr B felt it was unfair that he was being asked validation questions and to provide various documents. He complained but did cooperate with Zurich’s enquiries.

Zurich became aware that V, at the time of the fire, had been parked on a private road at the rear of Mr B’s home. It noted that some of the documents it had asked for were still outstanding. Zurich also noted that Mr B would not have room to park his trade cars on his property. It decided to decline the claim and issue a notice of cancellation of the policy. Following an email exchange between it and the broker, Zurich cancelled the policy, marking it as cancelled by Mr B. It provided a pro-rata refund of the policy premium.

Mr B was unhappy and made a further complaint. Zurich responded to the complaints Mr B had made. It said it has a duty to investigate and validate claims. So it didn’t think it had done anything wrong or caused avoidable delays by making its initial claim enquiries. It said its cancellation – given it had become clear that Mr B’s cars were not kept on his property – had been fair. It confirmed that it would ordinarily not have provided a refund because there was a claim for another vehicle pending and it said that Mr B would not have to declare the cancellation to other insurers.

Mr B remained unhappy. He complained to the Financial Ombudsman Service.

Our Investigator considered what had happened, including a recording of the phone call when the policy had been arranged. She noted the claim was 2 September 2024 and the claim had concluded with the decline and cancellation within a matter of weeks. She was satisfied that Mr B had not kept his cars as the policy required. She was generally satisfied that the claim had been progressed reasonably, including in a timely manner and that the decline and the cancellation had been fair in the circumstances.

Mr B said he believed Zurich and the broker were working together against him. He said he wanted an Ombudsman’s 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 not persuaded Zurich did anything wrong. I'll explain.

Mr B added V to the policy on 30 August 2024. It was only a few days later that V was significantly damaged by a fire, with Mr B making a claim to Zurich. Zurich wanted to complete some initial investigations. I'm satisfied there was nothing unusual or unfair in that. Most insurers would want to make enquiries when *any* claim is made. In my view, Zurich's decision, to make enquiries and investigate the claim, was absolutely reasonable.

I haven't seen that Zurich caused any delays in making its enquiries and processing the claim. As noted, Mr B was initially reluctant to cooperate and, whilst he did later begin to provide information, when the decline and cancellation occurred just a few weeks after the claim was notified, some detail was still outstanding.

The decline of the claim wasn't related to the documents received or outstanding though. Zurich declined the claim because the car hadn't been kept on the property as required by the policy. I can understand Zurich's reluctance to accept the claim in the circumstances – the policy is clear that cars must be kept on a property and I'm reasonably satisfied that a car kept on a property, rather than on a road, is less likely to be damaged.

I bear in mind that Zurich has shown that, in fact, if Mr B had told the broker that cars would be kept on the road, it wouldn't have offered the cover at all. Mr B did not have V at the time the policy was arranged but I note he had told our Investigator that there just wasn't space to keep all his cars on his property. Seemingly, from what Mr B has said, he viewed the private road as being no different in risk to keeping the cars on his property. So I'm satisfied he routinely had cars which were not kept on his property.

Strictly speaking, in this type of situation, I'd expect an insurer to consider the legislation which applies when policies are arranged. If a person is arranging a commercial policy, such as Mr B did here, they are expected to tell the insurer (or the broker) anything that might affect the insurer's risk. I accept that an insurer might well take the view that cars parked on private property are less at risk than those left on a road. Not least, for example, it is less likely another car will collide with them. And I bear in mind that the broker did tell Mr B that the Zurich policy required all cars to be kept on his property. So I think Mr B should have been clear with the broker that he didn't always keep his cars on his property. I'm satisfied that, if he had been clear about that, Zurich wouldn't have offered cover.

If as I've discussed above, Zurich had looked to apply the legislation, then that would likely have caused it to avoid the policy from its starting point. An avoidance would be something Mr B would have to declare to other insurers and would likely affect his ability to find future cover, it would almost certainly affect the price he would pay. The avoidance would also have meant that, not only would there have been no cover for this fire claim for V, but that there would be no cover for the other claim still pending at the point the policy was cancelled. As it is, Zurich has only declined the claim for V, it was still dealing with the other claim and it's confirmed the cancellation doesn't have to be declared going forward. Which means Mr B's ability to get cover, and the price he'll pay for that, won't be affected. Zurich has also given a pro-rata refund of premiums.

In all of the circumstances here, I think Zurich has acted fairly and reasonably and I've seen nothing which makes me think Zurich was actively acting against Mr B or treating him any differently to other policyholders in a similar situation. As such I don't uphold this complaint.

My final decision

I don't uphold this complaint. I don't make any award against Zurich Underwriting Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 October 2025.

Fiona Robinson
Ombudsman