

## **The complaint**

Mr H complains that Ageas Insurance Limited proportionately settled a claim on his motor insurance policy following the loss of his car. He's also unhappy that it wanted him to pay his full premium and that it passed this debt to a collection agency. Mr H wants compensation for the trouble and upset this caused.

## **What happened**

Mr H's car was stolen, and he made a claim to Ageas. It carried out validation checks and found that the Mr H hadn't disclosed a previous claim and three motoring convictions for him and the named driver. It said that if Mr H hadn't made this misrepresentation, it would have still provided cover for him without the named driver on the policy. But it would have charged a higher premium. It said this entitled it to settle the claim proportionately and it paid Mr H 75% of the claim value (which it later increased to 75.8%).

Mr H thought this was unfair as he said he'd make an innocent mistake. He said he was willing to pay an increase in premium instead. He said he couldn't replace his car with the settlement and so he couldn't add a replacement car to his policy. And so he stopped paying his premiums. But Ageas said the full premium was due and after it responded to Mr H's complaint it passed the debt to a collection agency. Mr H thought this was unfair as he had yet to bring his complaint to our service.

Our Investigator didn't recommend that the complaint should be upheld. He thought Mr H had made a careless qualifying misrepresentation that entitled Ageas to settle the claim proportionately. And he thought its settlement was higher than it needed to be. He thought it wasn't responsible for Mr H not replacing the car on the policy and as Mr H had cancelled the policy, then a charge would be applied. And as a claim had been made then the full premium was due. He thought Ageas had acted reasonably in pursuing recovery of this debt.

Mr H replied that his misrepresentation was innocent, not careless. He said Ageas' miscalculation of the proportionate settlement of his claim was unfair treatment that deserved redress. He thought it was disproportionate for Ageas to request payment of the full premium. He wanted compensation for the upset caused by Ageas continuing to pursue the debt whilst he awaited contact from our service. Mr H asked for an Ombudsman's review, so his complaint has come to me for 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.

I can understand that Mr H feels frustrated that Ageas hasn't paid his settlement in full and that it wants him to pay his full premium even though he has no car in his possession. Mr H has made detailed submissions including references to other cases previously considered by our service.

And I have considered Mr H's submissions. But we judge each case on its merits. So whilst I am mindful of previous decisions made by us, and the relevant laws and regulations, I have

considered Mr H's complaint on its merits to decide if Ageas has treated him fairly and reasonably.

Ageas said Mr H had made a misrepresentation when he had renewed his policy. So I'm satisfied that 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 (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. 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 is 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.

If the insurer is entitled to avoid the policy, it means it will not have to deal with any claims under it. If the qualifying misrepresentation was careless and the insurer would have charged a higher premium if the consumer hadn't made the misrepresentation, it will have to consider the claim and settle it proportionately if it accepts it.

Ageas thinks Mr H failed to take reasonable care not to make a misrepresentation when he stated in the renewal that he and the named driver had no motoring convictions within the previous five years and no claims within the previous three years.

The renewal notice asked Mr H to check the details included and inform Ageas of anything incorrect. And I've looked at the renewal notice, and I agree Mr H failed to take reasonable care. This is because he was asked on the Statement of Fact:

*"Has any driver been involved in any accidents, made a claim or caused any damage to a vehicle in the last 3 years whether or not a claim was made and regardless of blame?"*

The undisclosed claim wasn't already listed under this section. And then:

*"Has any driver had any motoring convictions, driving license endorsements or fixed penalties in the past 5 years?"*

And the answer stated was "No".

I'm satisfied Ageas gave clear directions and expectations that facts material to the policy should be disclosed. Mr H said he was aware of the non-fault claim and two motoring convictions. And I think this means Mr H failed to take reasonable care not to make a misrepresentation when he said they had none and when he didn't correct this after receiving the renewal notice.

Ageas has provided evidence from its underwriting guidelines which shows that if Mr H had not made this misrepresentation, it wouldn't have offered him cover at all. But it would have offered cover for him without the named driver on the policy but it would have charged him a higher premium. This means I am satisfied Mr H's misrepresentation was a qualifying one under CIDRA.

I also think Mr H's misrepresentation was a careless misrepresentation. This is because Ageas hasn't provided evidence to show that Mr H intended to answer the questions

incorrectly. I accept that Mr H didn't think he needed to disclose the claim as it was non-fault. And I'm satisfied it was an oversight that he didn't disclose the convictions.

Mr H said his misrepresentation was "innocent". But this isn't recognised under CIDRA. And I can't see that there was anything overly detailed or technical in Ageas' directions that would prevent Mr H from providing the correct information.

As I've said above, if the qualifying misrepresentation was careless and the insurer would have charged a higher premium if the consumer hadn't made the misrepresentation, it will have to consider the claim and settle it proportionately if it accepts it. Therefore, I'm satisfied Ageas was entitled to settle Mr H's claim proportionately in accordance with CIDRA and I think this produces the fair and reasonable outcome in this complaint.

Ageas said Mr H had paid 75.8% of the premium he should have paid for the policy without the named driver and the misrepresentations. And it paid him this amount. But our Investigator calculated that Mr H was contracted to pay just 56% of the full annual premium he should have paid without the misrepresentations.

Mr H thought Ageas should pay him redress for this miscalculation. But I think the error was in Mr H's favour and so I can't see that it caused him any loss that requires redress.

Mr H then cancelled his direct debits for the policy, effectively cancelling the policy, as he couldn't then buy a replacement car to be put on the remaining cover. But the policy had been used as a claim had been made. And, in keeping with industry standards, and the policy's terms and conditions, the full premium would be due on cancellation:

*"If you've had a claim during the cover period, or something has happened which might lead you to make a claim, then you won't receive any refund. If you pay for your insurance on a monthly basis, we'll also ask you to pay the remainder of the year's premiums."*

And, in keeping with the Terms of Business, a £50 cancellation charge was payable, which I think was reasonable and proportionate. So I'm satisfied that Ageas fairly and reasonably asked Mr H to pay the outstanding premiums and the cancellation charge.

But Mr H declined to pay this, and so Ageas started its debt recovery process, giving Mr H three weeks to make a payment arrangement. I think Ageas was entitled to do this and I can see that it reasonably paused the process after Mr H complained about this, disputing the debt.

But once this was resolved I don't think it was unreasonable for Ageas to restart the recovery process until it had evidence that Mr H had escalated his complaint to our service. So I can't say that Ageas acted unfairly or unreasonably in seeking to recover the outstanding premium and cancellation charge. I note that Ageas has confirmed this hasn't had an effect on Mr H's credit record.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 November 2025.

Phillip Berechree  
**Ombudsman**