

The complaint

Mr T complains that UK Insurance Limited (UKI) avoided his motor insurance policy (treated it like it never existed) and refused to pay his claim.

What happened

Mr T took out a motor insurance policy with UKI through an online price comparison website.

When Mr T's car was damaged after being stolen he tried to make a claim.

UKI said he'd provided information relevant to it that was untrue or misleading. It said had it been aware of the information it wouldn't have provided him with cover. It considered this to be a reckless qualifying misrepresentation, which entitled it to avoid his policy, decline his claim because of this, and it said it may retain the premium he'd already paid.

Mr T brought his complaint to us and our investigator thought it should not be upheld. They agreed there had been a qualifying misrepresentation. They were more inclined to look at it as careless, rather than deliberate or reckless. But said because UKI had refunded his policy premiums the remedies taken had treated the misrepresentation as careless, so they didn't think the outcome was unfair.

Mr T doesn't agree with the investigator and has asked for an ombudsman's decision. He said he had provided the correct information and there must be an error made between the information entered through the online price comparison website and the information received by UKI. He also said UKI had admitted it had made an administration error.

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.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) 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. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

UKI thinks Mr T failed to take reasonable care not to make a misrepresentation when he incorrectly stated in his application via an online price comparison site that he was the registered keeper of the car. And that he underestimated the annual mileage.

I've looked at the evidence provided from the price comparison website that shows the details Mr T entered and this matched the details on his policy with UKI. Therefore there is no evidence of either a technical or administration error with the information used to provide him with a motor insurance policy. I also listened to the calls between Mr T and UKI, and didn't hear it confirm it had made an administration error.

I don't think Mr T took reasonable care when entering the details on the online comparison site. Because answered the question about who was the registered keeper of the car was as himself, and entered the mileage as no more than 1000 miles. When asked by UKI after the claim had been made he said the car was bought by his son and was registered in his son's name. He also said he thought the mileage on the policy was for 3,000 to 4,000 miles, because his journeys were only short.

UKI has provided evidence by way of its underwriting criteria that shows if Mr T had not made the misrepresentations it would never have offered him cover.

This means I'm satisfied Mr T's misrepresentation was a qualifying one.

UKI said having reviewed all of the information available, it assessed that Mr T had recklessly provided information relevant to it that he did not care, or was aware was untrue or misleading. It said had it been aware of the correct information, it would not have provided cover.

I agree with UKI that Mr T's misrepresentation was reckless because there was not just one mistake in the information provided. Mr T was clear the car was bought by his son using hire purchase and it was registered in his sons name, when asked after the claim. And I saw evidence the car had done more than 25,000 miles from the end of January 2025 to the date of loss in December 2024, so the under 1000 miles chosen was greatly underestimated.

As I'm satisfied Mr T's misrepresentation should be treated as reckless, I've looked at the actions UKI can take in accordance with CIDRA. In this case because it would not have offered cover it can;

- Avoid the policy and keep the premiums.
- If there's a claim it doesn't have to pay this as effectively the policy never existed.
- It may also look to recover any costs it's paid to a third-party on any claim after the misrepresentation.

In this case UKI avoided the policy back to the start and refused to settle Mr T's claim. Mr T said it refunded his policy premiums.

Under the terms of CIDRA, UKI don't have to refund his policy premiums. Therefore I think it has been very fair because a refund of premiums is over and above what it needed to do.

In light of all this by avoiding his policy and not paying his claim, I think UKI have provided a fair and reasonable outcome to the complaint.

My final decision

For the reasons set out above, I've decided not to uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or

reject my decision before 21 October 2025.

Sally-Ann Harding
Ombudsman