

The complaint

Mr B says Zurich Insurance Company Ltd acted unreasonably in avoiding his motor insurance policy and in declining a claim on it due to misrepresentation on his part.

What happened

Mr B took the policy out on 6 January 2025. A few days later, his car was stolen. When he made a claim on the policy, Zurich carried out standard validation checks. It found that other insurers had cancelled several of his previous policies.

Mr B had been asked about cancellations during his online application for the policy with Zurich and had replied 'No' to the question. When he called to change the policy's start date, his broker also asked him about previous cancellations, and Mr B said 'No' to the question again. His answer was also set out in the policy's *Statement of Fact*. Zurich said it wouldn't have provided cover had it been given the correct information, so it avoided the policy (treated it as though it had never existed) and didn't deal with the claim.

Mr B said he hadn't intended to misrepresent his situation. He said he had cancelled the policies - although the other insurers told Zurich that wasn't the case. Mr B then said he'd cancelled the *direct debit payments* (not the policies) expecting them to lapse. He said he didn't declare any previous policy cancellation as he thought the question only applied to cancellations for issues such as fraud or misrepresentation. In his view, other reasonable consumers would have acted as he did. And he said Zurich's decision had put him in financial difficulty and had seriously affected his family's general situation.

One of our Investigators reviewed Mr B's complaint. She said the Consumer Insurance (Disclosure and Representations) Act 2012 ('CIDRA') applied, and that under CIDRA, a consumer has a duty to take reasonable care not to make a misrepresentation. She said if a *qualifying misrepresentation* was made (one without which the insurer would have acted differently) then the insurer could take certain action. She thought Mr B had made a qualifying misrepresentation, as Zurich had shown it wouldn't have offered him a policy had it known about the cancellations. She said Zurich thought the misrepresentation was deliberate, which gave it the right to avoid the policy, not deal with the claim, and retain the premium. But she noted that in this case Zurich had returned the full premium. The Investigator concluded that Zurich had acted reasonably and in line with CIDRA.

Mr B asked for a review of his complaint by an Ombudsman, and it was passed to me.

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.

There's a considerable amount of information on the file. I've read all of it and I've listened to the call recordings, but I don't intend to comment on every point made by the parties. Instead I'll concentrate on what I think are the main issues.

Mr B set up the policy through a comparison website. He was asked whether he or any other driver on the policy had ever had their insurance declined, cancelled, voided, or had special terms imposed. Mr B answered "No". He didn't use the option set out for seeking help in answering the question. In his later conversation with the broker, he was asked again if he'd ever had a policy declined, cancelled, or voided, or had any special terms imposed. Mr B replied "No" again. As several of his policies had been cancelled by other insurers, and he was aware of that, I think he provided information that was inaccurate and therefore made a misrepresentation.

In terms of taking reasonable care not to make a misrepresentation, CIDRA says the standard is that of a reasonable consumer. Mr B says the question was ambiguous and that any reasonable consumer in his circumstances wouldn't have understood that it required *all* cancellations to be disclosed. But I think the question was clear. I don't think a reasonable consumer would have *assumed* that the question was limited only to cancellations for certain reasons, such as fraud. Mr B had the chance to seek more information on the issue online - and when speaking with the broker - to confirm his understanding, but he didn't do so. In my opinion, it was reasonable for Zurich to decide that he didn't take reasonable care not to make a misrepresentation.

Zurich has provided its underwriting criteria, which shows that it wouldn't have offered cover to Mr B had it known he'd had even one policy cancellation by an insurer. So, s Zurich would have acted differently, Mr B's misrepresentation was a qualifying one under CIDRA.

Two insurers told Zurich that the cancellations of Mr B's policies were enforced by them in 2022 and 2024. Mr B says he thought his policies would lapse when he cancelled the direct debit payments for them. But that was an assumption. He could have contacted the insurers to check, and he could have cancelled the policies himself. As he didn't, the insurers had no option but to do so. Mr B provided correspondence from one of the insurers telling him his policy would be cancelled if he didn't either make the payments, contact it or cancel the policy himself. Mr B's attempts to contact the insurer were unsuccessful, but I think he was on notice of what was going to happen, and that the policy hadn't lapsed. He didn't provide anything from the other insurer, although it too would have contacted him.

Under CIDRA, if there's a qualifying misrepresentation, the insurer has to decide if it was deliberate or reckless, as opposed to careless. A misrepresentation is deliberate or reckless if a consumer knew, or didn't care, whether the information they were providing was untrue or misleading, and that they knew, or didn't care, if that information was relevant to the insurer. Zurich thought Mr B had deliberately misrepresented the facts due to the number of previous cancellations he'd had. And I think it was obvious from the question asked about cancellations that the issue was relevant to Zurich. I think it acted reasonably in reaching the conclusion that Mr B had deliberately misrepresented the facts to it.

Had Zurich decided that Mr B had only acted carelessly, under CIDRA it would still have had the right to avoid the policy and not deal with the claim, but it would have had to return the policy premium to him. Zurich did that anyway. It seems that was because he'd only had the policy for a few days. I think that was more than reasonable, as it wasn't obliged to do so. Mr B has said repeatedly that he acted in good faith and had no intention to deceive Zurich. He insists that the question asked wasn't clear - and that even if his answer was 'technically incomplete', Zurich's response was disproportionate, causing him and his family severe financial and other hardship. In addition, he referred to two previous decisions made by Ombudsmen that he thinks support his view that his complaint should be upheld.

I don't agree that the question Mr B was asked wasn't clear, and I think the answer he gave was inaccurate, not technically incomplete. I don't think Zurich's response to Mr B's

qualifying misrepresentation was disproportionate. It acted in line with CIDRA, and in my opinion it was fair and reasonable for it to avoid the policy (and not to deal with the claim).

We make our decisions based on the particular facts in each case, and we aren't bound by decisions made by other Ombudsmen. But I've looked at the previous Ombudsman decisions cited by Mr B anyway. In one, the Ombudsman decided that the insurer had avoided the policy correctly for misrepresentation. He upheld the complaint in part but only based on customer service issues. In the other decision, the ombudsman said there was no misrepresentation, as the undisclosed previous cancellation relied on by the insurer was for a limited company, of which the consumer was a director. The consumer himself hadn't had a policy cancelled. The circumstances of these cases aren't similar to those here.

Mr B has found himself in a very difficult position, having lost his car, with many substantial payments for it remaining. Undoubtedly that will have a significant adverse impact on him and his family. I sympathise, but for the reasons set out above, I can't uphold his complaint.

My final decision

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 B to accept or reject my decision before 24 December 2025.

Susan Ewins
Ombudsman