DRN-5815446

The complaint

Mr S complains that First Central Underwriting Limited avoided his car insurance policy and refused to pay his claim.

What happened

In February 2024 Mr S took out a car insurance policy with First Central through a comparison website. In September 2024 in changed the vehicle under the policy.

In February 2025 Mr S reported an incident where his car was damaged. When First Central appointed an engineer to inspect Mr S's car they discovered modifications which First Central said Mr S hadn't disclosed. First Central said Mr S had answered a question it asked when he changed his vehicle about modifications incorrectly.

First Central avoided Mr S's policy. This meant the policy effectively didn't exist when the accident happened and so First Central didn't cover the claim.

Mr S brought his complaint to us and our Investigator thought it shouldn't be upheld. He found First Central had acted reasonably, in line with the policy, and in line with the relevant law.

Mr S doesn't agree with the Investigator and has asked for an ombudsman's decision. In summary he says he didn't know his car had been modified. From the advert (a copy of which has been seen by all parties) Mr S believed the extras to his car were part of the manufacturer upgraded 'sports' specification model of the car he bought.

Mr S says First Central's decision is unfair as he insured his car and paid his premiums. Mr S says he has spoken to different mechanics who couldn't find the same modifications as First Central's appointed engineer outside of the upgraded sports pack.

So the case has been passed to me to decide.

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.

General Insurance says Mr S failed to take reasonable care not to make a misrepresentation when he changed his vehicle in September 2024. First Central has shown from a screenshot that it asked Mr S the following question:

> *"Has the car had any modifications?"*

Mr S answered 'no'.

The following note was attached to the question to assist Mr S when answering it.

> *"A car is modified if it has been changed in any way since it was first supplied by the manufacturer. This can be anything from changing how the car looks to things that change the performance of the car."*

Following the change, First Central sent Mr S a policy statement of fact which showed the following:

> *"Modifications – No*
> *Modification details – N/A."*

So I think First Central gave Mr S a further opportunity to check if the information he'd provided was correct when it sent updated policy wording to Mr S after he changed his car.

I understand Mr S says he believed the car hadn't had any modifications. From the advert provided it specified a number of additions to the car. I don't think it was clear that the car hadn't been modified from when it was manufactured. The description refers to a body kit pack with extras including a rear spoiler, rear diffuser and front splitter. The advert described separately that the car had 'huge factory spec' and listed what this consisted of.

Mr S says it wasn't clear from the advert and the dealership didn't tell him the car had been modified. He says the car was as he bought it when the incident happened.

I don't think there is any dispute that Mr S's car was as he bought it at the time of the incident. But the onus is on the customer to check if a car has been modified in order to correctly answer a question about modifications when applying for insurance.

An engineer appointed by First Central reported that the modifications are designed to enhance the performance of the car. I understand Mr S doesn't agree with the engineer's opinion. But I think it was reasonable for First Central to rely on their professional expertise when reaching its decision.

So I don't think Mr S took reasonable care when he answered the question about modifications to his car.

First Central has provided evidence to show it wouldn't have offered Mr S a policy if it had known about the modifications to his car. An insurer's underwriting criteria is commercially sensitive information. So it cannot be shared. But we can ask an insurer to share it with us to

see if it treated a customer fairly and as it would any other customer in the same circumstances.

Having reviewed the evidence provided by First Central, I am satisfied it would not have offered Mr S a policy. So I find Mr S's misrepresentation to be a qualifying one.

There are two types of qualifying misrepresentation:

- deliberate or reckless. Or
- careless

First Central told us it provided a refund of premiums and classified the misrepresentation as careless.

I agree that Mr S's misrepresentation was careless because he failed to take reasonable care to check if his car had been modified. I don't find it was a deliberate or reckless decision. By classifying Mr S's misrepresentation as careless, this represents a more favourable outcome as First Central has provided a refund of premiums.

I've looked at the actions First Central can take in accordance with CIDRA. First Central can treat the policy as though it never existed from the point of avoidance and not deal with any claims.

Therefore, I'm satisfied First Central was entitled to avoid Mr S's policy in accordance with CIDRA. And, as this means that – in effect – his policy never existed, First Central does not have to deal with his claim. As CIDRA reflects our long-established approach to misrepresentation cases, I think allowing First Central to rely on it to avoid Mr S's policy produces the fair and reasonable outcome in this complaint.

I'm sorry to disappoint Mr S. I understand having an avoided policy and not having the claim covered has had a significant impact on Mr S financially. But I cannot say that First Central has done anything wrong. So this means I am not asking it to change anything.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 December 2025.

Geraldine Newbold
Ombudsman