

The complaint

Mr E complains that Watford Insurance Company Europe Limited declined a claim and cancelled his policy.

What happened

The events are well known to both parties so I won't go into them in detail here. In summary, Mr E bought a car in August 2023. He took out a new insurance policy to cover the car at the same time. In August 2024, Mr E renewed the policy. The policy was underwritten by Watford. Shortly after the renewal, Mr E was involved in an accident and he made a claim. Watford declined the claim as they felt Mr E had misrepresented during his application. Mr E was unhappy and raised a complaint. Watford didn't uphold the complaint as they didn't think they'd done anything wrong. Mr E was still unhappy so brought his complaint to this service.

Our investigator upheld the complaint. He didn't think Watford had acted fairly and felt they should pay the claim on a proportionate basis. Watford appealed. They felt Mr E had deliberately provided incorrect information. As no agreement could be reached, the complaint has been passed to me to make a final decision.

I was minded to reach the same overall outcome as our investigator, but for some different reasons. So, I issued a provisional decision, to give both parties an opportunity to comment on my initial findings before I reached my final decision.

What I provisionally decided – and why

I previously issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

“I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Based on what I've seen so far, I intend to uphold Mr E's complaint.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly, and not unreasonably decline it. So, I've thought about whether Watford acted in line with these requirements when it declined to settle Mr E's claim.

At the outset I acknowledge that I've summarised his complaint in far less detail than Mr E has, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

Our investigator has said the relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). Whilst with a misrepresentation, this is usually the case, in this complaint, the incorrect information is around a matter of opinion. This means there can't be a misrepresentation and CIDRA can't apply. As a service though, we still consider the principals of CIDRA when deciding if an insurer has acted fairly and reasonably.

Watford thinks Mr E failed to take reasonable care when he answered the following question:

"Value (inc accessories)"

As this was a renewal, this appeared on Mr E's renewal proposal form. At the top of the form, it provides the following information:

"This is the information you supplied and on which your insurance is based... You should also ensure that the information you have provided in this statement is accurate. If it is incorrect in any way, please tell your intermediary immediately. Failure to supply accurate and complete answers may mean Your Policy is invalid and that it does not operate in the event of a claim."

The value on the proposal form is £3,300. It's not in dispute that this value is incorrect, with the car being worth in the region of £33,000.

Mr E contacted Watford about his renewal by phone on several occasions. During one of these calls, the staff member confirms they have the car listed as being worth £3,300 along with all the other policy information.

Watford have provided me with a statement from their pricing team along with calculations for how the incorrect information would have impacted Mr E's renewal. This confirms Watford would have still offered Mr E a policy, but for a higher premium.

Watford has said they think Mr E deliberately misrepresented the value of his car to get a cheaper insurance premium. As a result, they've declined to settle Mr E's claim and have cancelled his policy.

Whilst I accept Mr E has provided incorrect information, I think this was most likely a typo when he first took out the policy. Having listened to the call Mr E had discussing the renewal, there is a lot of information provided to Mr E. I can also hear Mr E talking in the background to someone else. When the staff member finishes talking, it's clear Mr E isn't listening properly as the staff member has to prompt Mr E for a response. So, I don't think Mr E was concentrating on the call which is why he missed the incorrect car value.

Mr E has told us he's heard a phone call where he informed Watford of the correct value for his car and then followed this up with an email confirmation. I've listened to all the calls, but I've not evidenced this taking place. Mr E hasn't provided a copy of the email he's said he sent. Mr E says he doesn't have a copy of the call and it's unclear how Mr E could have listened to it if he doesn't have a copy.

Whilst I think there were opportunities for Mr E to have corrected the error, I don't think Mr E has deliberately given the incorrect information. As Watford would still have offered Mr E the policy, I don't think it's fair they'd declined the claim or cancelled the policy. By doing so, I think it has caused Mr E considerable distress, upset and worry which has taken a lot of extra effort to sort out over several months. So, I think Watford should also pay Mr E compensation for the distress and inconvenience caused.

Mr E has said the claim being declined has led to him losing his job, has had an impact on his mental health and has led to him struggling financially. Whilst I'm sorry to hear about the difficult time Mr E is having, I think my outcome fairly takes everything into account. I've not seen any evidence that Mr E lost his job specifically due to not having a car. However, even if he had, I've not seen that Mr E took any mitigating actions to try to prevent it."

I set out what I intended to direct Watford to do to put things right. And gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to my provisional decision

Mr E accepted my provisional decision.

Watford confirmed they didn't agree with my provisional decision. They maintain that Mr E acted deliberately.

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've thought carefully about the responses to my provisional decision. Having done so, while I appreciate it will come as a disappointment to Watford, my conclusions remain the same.

Watford has said Mr E hasn't specified the car was worth £33,000 and has always stated it was £34,000. Whilst this might be the case, this doesn't mean that at the point of his first application he didn't think the car was worth £33,000. However, in my provisional decision I said the car was worth "around" £33,000. I'm not persuaded Mr E deliberately put the incorrect figure on his application to get cheaper insurance.

Watford has said they find it strange that Mr E only became distracted at the point of the conversation that relates to the misrepresentation. During the call, Mr E can be heard talking to someone else on more than one occasion. The agent on the phone speaks a lot and doesn't get Mr E to confirm every individual detail, they get Mr E to confirm several details at once. I don't agree with Watford that Mr E was distracted specifically and only at the point of asking about the value of his car.

Finally, Watford has said Mr E also had the opportunity to correct the error in the paperwork they sent to Mr E. I've already covered this off in my provisional decision. Whilst this may be the case, I still think Mr E has acted carelessly as opposed to deliberately.

Based on what I've seen, my outcome remains the same as my provisional decision, for the same reasons.

Putting things right

To put things right, Watford should do the following:

- Change the record of cancellation from an insurer cancellation to a consumer cancellation.
- Consider the claim further in line with the remaining terms and conditions. If the claim is then payable, Watford can do so on a proportionate basis.
- Pay Mr E £300 compensation for the distress and inconvenience caused.

My final decision

For the reasons I've explained above, I uphold this complaint and direct Watford Insurance Company Europe Limited to put things right by doing as I've said above, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 15 October 2025.

Anthony Mullins
Ombudsman