

The complaint

Mr M complains about the service Watford Insurance Company Europe Limited (“Watford”) provided him during a claim under his car insurance policy. When I mention Watford I also mean its suppliers.

What happened

Mr M had a motor insurance policy with Watford covering his car. He bought the policy through a broker.

In December 2024 he was involved in a collision with a third-party vehicle causing damage to his car. He contacted Watford and made a claim.

Watford recovered his car and assessed it. It sent an independent assessor to examine both Mr M's car and the third-party vehicle. The engineer reported that Mr M's car was unroadworthy.

Watford said Mr M's car would be subject to a category B write off. It declined to deal with his claim due to an exclusion in the policy wording about the car being unroadworthy, and because it said it didn't accept the collision had taken place as Mr M said.

Because Mr M's car had been written off as a Category B write-off, Watford said it would pay the amount it had received for the sale of the salvage of his car, which was £190.23.

Mr M brought his complaint to this service. He says he was told by Watford his car had a much higher value and he'd like his claim to be settled in line with that. He'd also like compensation for his distress and inconvenience and that it returns the premiums he'd continued to pay after the collision happened.

Our investigator looked into his complaint and thought it wouldn't be upheld. He thought Watford acted fairly in how it had investigated Mr M's claim, and he thought its rejection was fair. He thought Watford's policy wording meant it could keep the premium Mr M paid, but that he could possibly make a complaint against the broker who dealt with the policy about the premium payments he made.

Mr M didn't agree with the view. He pointed out that his car had a valid MOT at the time. He hadn't been provided with the report Watford relied upon about the condition of his car. That his car was disposed of without his consent, and that his car had, effectively, no value. He re-raised his complaint about continuing to pay his premiums.

Because he didn't agree, this complaint has been passed to me to make a 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'd like to assure Mr M that I've reviewed the entire file of evidence I've been provided, even

if I don't mention it here.

Having reviewed Watford's claims file, I think its decision to decline his claim is fair and reasonable. I appreciate this will be disappointing to Mr M and I'll explain why I've decided this.

I'll start by saying that I can Watford declined to deal with Mr M's claim for the damage to his car under the terms of the policy:

"General Exclusions Applying to the Whole Policy

The Policy does not cover the following:

1. Any injury, loss or damage occurring while your car is being:

f) used in an unsafe or unroadworthy condition or, where such regulations require, does not have a current MOT Certificate"

Watford sent an independent vehicle examiner to carry out a report on both Mr M's car and the third party vehicle. The report is lengthy and contains many photos detailing the inspector's concerns. They describe his car as being "...in poor condition and unroadworthy at the time of the collision." And I can see Watford told Mr M in its final response that "The vehicle was unroadworthy due to poor maintenance and major defects and it would not pass the MOT test or be legal for use on the road."

This service isn't an expert in vehicle reports, but it seems to me that the expert appointed by Watford to examine and report on Mr M's car determined that it was unroadworthy. What this means is, Watford can fairly decline to cover his claim for the damage to his own car.

Mr M has pointed out the unfairness that he's not been able to access this report. What I can say is that it was prepared and paid for by Watford. It contains details of the third party's vehicle as well as his. I don't know if Mr M has asked for it from Watford, but it may be that Watford deems it internal and/or confidential. But having reviewed the evidence, I think Watford acted fairly and the expert determined that Mr M was in breach of the policy terms. I'll also say that the expert said the driver would have been aware of the problems with the car.

Mr M said his car had a valid MOT at the time of the collision. But the presence of a valid MOT doesn't mean that Mr M's car was roadworthy. The MOT test tests the car at a point in time. It doesn't necessarily mean that his car was in a good condition at the time of the collision. And that's what the expert's report talks about.

Most motor policies contain a specific condition that the vehicle must be maintained in a roadworthy state. When deciding whether it was reasonable for an insurer to reject a consumer's claim on the basis the car wasn't roadworthy, we'll look for evidence that the loss or damage was mostly likely caused – or was significantly contributed to – because the vehicle wasn't roadworthy.

That's because ICOBS 8.1.1 say an insurer shouldn't unreasonably reject a claim. ICOBS 8.1.2 and 8.1.2A say it would be unreasonable for an insurer to reject a claim for a breach of 'warranty' or 'condition' unless the circumstances of the claim are connected to the breach.

But Watford also declined to deal with any part of Mr M's claim following a review of all the evidence it had obtained. I can see from the file that means it also won't pay for the third party's losses even if it's deemed that Mr M was at fault for the collision.

It did this because it said it wasn't able to satisfy itself that the collision was a genuine road traffic accident.

It took Watford a few months to deal with his claim, and I can see from this long period that Mr M was distressed and inconvenienced.

But I've looked at Watford's activities during it and I can see that it was trying to engage with the third party vehicle's driver, its owner, a legal company apparently representing them, and the third party's apparent insurer during this time. I can't fairly say that Watford caused delays during this time.

I've said that Mr M must have found this delay frustrating, but Watford must investigate the circumstances of a claim to decide the outcome. And I don't think it's acted unreasonably during its investigation, even though I recognise Mr M's distress.

Again, it's not the role of this service to determine the outcome of a claim, but I can see Watford acted fairly in how it investigated and then declined his claim.

Watford made the decision to write-off Mr M's car due to the damage it already had and the new damage it received in the collision. It decided that the write-off category would be 'B' which means the car could not be returned to Mr M and needed to be disposed of by a licenced operator.

Because it declined to cover his claim, Watford said it would pay him the amount it obtained by selling the salvage, which was £190.23. It's important Mr M understands this payment apparently wasn't made under the terms of the policy, but to return the value of the car back to him because the salvage itself couldn't be. I think this is fair.

From the information I have, Mr M may have rejected this payment or not cashed the cheque. If that's the case, I'd ask that Watford re-issues payment to him.

I can see Mr M has complained to this service about continuing to pay his premiums after the claim. Although I see this service has commented on this in the view, I can't see that Watford has provided its final response on this matter. What this means is that I don't think I can deal with it in this decision. Mr M should ask Watford, or his broker, about his payments and if he's not happy with its response he should make a further complaint to it, and this may reach this service in due course.

Mr M has mentioned pursuing legal action against Watford, and this is his right. But I'm not upholding his complaint and I'm not going to ask Watford to do anything more.

My final decision

For the reasons set out 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 M to accept or reject my decision before 22 December 2025.

Richard Sowden
Ombudsman