

The complaint

Mr R complains about how Tesco Personal Finance Limited – trading as Tesco Insurance – handled a claim on his motor insurance.

What happened

Mr R took out a Tesco motor insurance policy at the start of September 2024 via a comparison website. Later that month he was involved in a road accident. Police attended, found that Mr R was driving unaccompanied on a provisional licence, and impounded his car.

During discussions with Tesco, it came to light that Mr R believed he was driving on an international licence. However, the policy documents show he had selected 'provisional licence' when he bought his insurance on the comparison website.

Tesco told Mr R he had two options:

1. Pay an extra amount based on what his premium should have been to insure him on an international licence; or
2. Cancel the policy.

Because there was an open claim, if Mr R cancelled he would be liable for the full (provisional licence) premium. He chose to cancel the policy.

Mr R complained about this. He said, in summary:

- He was charged his full premium despite cancelling the policy.
- Tesco caused unreasonable delays settling the claim.
- This caused him financial and emotional hardship.

Our investigator didn't recommend that the complaint should be upheld. He was satisfied that The Consumer Insurance (Disclosure and Misrepresentation) Act 2012 (CIDRA) applied in this case. He found that Mr R had misrepresented his driving licence status when he took out the policy. As such, he thought Tesco's proposed remedy – to settle the full claim if Mr R paid the extra premium – was fair. He didn't agree that Tesco had cancelled the policy or handled the claim unfairly.

Mr R didn't accept this, so the complaint was passed to me to review.

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 find:

- As our investigator explained – and as Mr R acknowledged – the relevant law here is the Consumer Insurance (Disclosure and Representations) Act 2012 ('CIDRA'). CIDRA requires consumers to take reasonable care not to make a misrepresentation when they take out an insurance policy. The standard of care is that of a reasonable consumer.
- Mr R told Tesco he had an international driving licence. However, his Statement of Fact when he bought the policy said he had a provisional licence, and the policy was set up on those terms. A provisional licence places restrictions on the driver. This minimises risk and will mean a lower premium. I'm satisfied that this was a misrepresentation and CIDRA applies.
- Tesco has shown that it would still have insured Mr R if it had known he was on an international licence, but it would have charged him a higher premium. That means this was a qualifying misrepresentation.
- Tesco has said it believes this was careless, rather than deliberate or reckless. In the circumstances, I think that's fair.
- So Mr R is correct that Tesco could settle the claim proportionately. His premium was £2,016.58. Tesco told him the extra cost to insure him on an international licence was £997.64 for the policy year. That means the correct premium would have been around £3,013.
- On that basis, Tesco would pay about 67% of the third-party claim, leaving Mr R liable for the other 33%. In other words, if the third-party claim was more than about £3,000, Mr R's liability would be more than if he paid the extra premium. I leave it to him to decide what to do but I think Tesco's offer to cover the claim in full if he pays the extra premium is fair.
- Whatever the situation, the minimum he needs to pay is the full premium for the policy year for the provisional licence. That's an extra £1,764.83, as set out in Tesco's 16 October 2024 cancellation letter. That's because he made a claim on the policy, so he's effectively 'used' the policy and is liable for the full premium.
- Mr R says the third-party vehicle "*only sustained minor scratches*". That might be true, however Tesco is yet to settle the claim with the third party's insurer. Until that time, the claim is still open. I understand Mr R's frustration with the slow progress of the claim, and I'd encourage Tesco to settle this as quickly as possible. However, it's likely that any increase in his premiums will be because of the fault claim against him.
- As our investigator explained, a 'fault' claim against Mr R doesn't necessarily mean he was to blame for the accident. An insurer will record a fault claim against a policyholder when it can't recover all its costs from the third party's insurer. Based on the circumstances of the accident, I suspect this will likely go down as a fault claim against Mr R. I don't think that's unreasonable.
- Under the policy terms, Tesco can take over, conduct or settle a claim as it sees fit. This is common in car insurance policies and Tesco doesn't need Mr R to agree this. So I wouldn't necessarily expect it to provide Mr R with the information he wants (for example, repair receipts, evidence of costs incurred, damage photos). There's nothing inherently wrong with this, but if Mr R has any concerns about how Tesco settles the claim he can refer it to this service.
- I've listened to the disputed call on 26 September. Mr R says that was his broker on the call, not him. The person on that call said he was Mr R. He passed the relevant identification and verification checks. Tesco's records show Mr R's original complaint

said: "*I made a claim in September 2024 and later cancelled my policy.*" So I think its decision to cancel the policy based on this call was reasonable. However, if Mr R believes Tesco breached data protection laws, he should refer his complaint to the Information Commissioner's Office.

For the reasons above, I'm satisfied that Tesco handled Mr R's claim fairly. It follows that I don't uphold the complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 October 2025.

Simon Begley
Ombudsman