

The complaint

Ms M complains that U K Insurance Limited (“UKI”) mishandled her claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a car, made by a premium-brand car-maker with a diesel engine and first registered in 2017.

For the year from late May 2023, Ms M took out a comprehensive policy for the car with UKI. The policy covered Ms M as policyholder. It didn’t cover anyone else as a named driver. The cost was about £2,600.00. UKI issued “*Car insurance details*” that included the following:

“no modifications”

In early September 2023, Ms M paid a company to add a vinyl wrap to the car. That didn’t involve any graphics. However it changed the colour of the car, so Ms M told DVLA.

The policy was set to renew automatically for the year from late May 2024.

UKI issued a renewal confirmation dated 14 May 2024. UKI asked Ms M to check all the details. That included “Car insurance details” that again included the following:

“no modifications”

The policy renewed for the year from late May 2024. The cost was about £1,350.00. Ms M agreed to pay an instalment of about £112.00 in early June 2024 and 11 instalments of a similar amount at the end of each month. Any claim for damage (except a windscreen claim) was subject to an excess of £600.00.

In late November 2024, Ms M reported to UKI that a flood had damaged the car.

On about 29 December 2024, Ms M responded to UKI’s request for a copy of the invoice for the vinyl wrap.

On about 23 January 2025, UKI reviewed the claim. By a letter dated 23 January 2025, UKI said that it would not have insured Ms M if she had declared the wrap.

On about 25 January 2025, Ms M or her mother complained to UKI. UKI did not acknowledge that complaint by contacting Ms M or her mother.

By 9 February 2025, Ms M repeated the complaint.

By a letter dated 17 February 2025, UKI included the following:

“To enable us to evaluate the information we have been given by you and to consider the status of the policy we require you to contact us...to discuss the discrepancy...”

If we do not hear from you, we will assume that your behaviour regarding the discrepancy was deliberate and dishonest with the intention for financial gain and we will proceed to void the policy without further notice. This means:

...

- We may retain the premium paid...*
- We may repudiate any current claims on this policy...*
- We may notify the relevant authorities*
- We may share details of this matter with fraud prevention agencies..."*

On about 22 February 2025, Ms M complained to UKI that it wasn't treating her fairly.

On about on 25 February 2025, UKI acknowledged the complaint.

By an email dated 28 February 2025, UKI offered £100.00 compensation for some delay, but said that it was treating the policy as void, repudiating claims and refunding payments of premium.

Ms M, through her mother, brought her complaint to us in early March 2025. She asked us to direct UKI to pay the claim, to compensate her for taxis and hire cars and to compensate her for the distress caused.

On about 5 March 2025, UKI sent Ms M £100.00 compensation.

By a letter dated 11 March 2025, UKI included the following:

"...you have recklessly provided information relevant to us that you did not care or were aware was untrue or misleading. Had we been aware of the information, we would not have provided cover.

We have established that you have disclosed incorrect information regarding the following:

Modifications. You have failed to disclose the correct modifications.

By virtue of your misrepresentation, we regard the policy to be void from 28/02/2025 and therefore inoperative.

> The policy will be treated as if it had never existed and you will be treated for all purposes as if you never had cover under this policy.

> We will not be paying any current claims on this policy and we reserve our right to seek compensation for any previous claims under this policy.

> We may retain the premium paid."

By a final response also dated 11 March 2025, UKI included the following:

"We agree that there have been unnecessary delays in progressing your claim. Specifically, the delay between our receipt of the invoice for the vinyl wrap on 29 December 2024 and our claims team passing this to us on 23 January 2025. We also agree that the delay between our receipt of your first complaint on 9 February 2025 and its recording on 25 February 2025 was also unnecessary and could have been prevented. Because of this, please accept £100 compensation for any inconvenience this has caused.

...

We have made the decision to avoid your policy as had we been made aware of the vinyl wrap modification cover would not have been offered due to our underwriting criteria. I'm unable to overturn this decision and for us to consider your claim. The policy will remain void on a careless basis, and we will provide you with a full refund of any premiums paid dated back to your renewal on 27 May 2024."

On about 12 March 2025, UKI sent Ms M a refund of £1,126.18.

our investigator's opinion

Our investigator didn't recommend that the complaint should be upheld. He didn't think that the letter dated 17 February 2025 was inappropriate. He thought that UKI acted in line with Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). So Ms M would not be entitled to any hire car costs or any taxi costs related to her claim.

Ms M disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Ms M and to UKI on 10 September 2025. I summarise my findings:

UKI hadn't – before the renewal in late May 2024 - asked Ms M a clear question specific to changes or modifications to the car. So I consider that UKI treated Ms M unfairly by alleging misrepresentation and treating the policy as void and declining her claim for that reason. As part of that, UKI's letters were inappropriate and unfair.

Subject to any further information either from Ms M or from UKI, my provisional decision was to uphold this complaint in part. I intended to direct U K Insurance Limited to:

1. reconsider Ms M's claim on the footing that the policy was not void as a result of misrepresentation that the car had no modifications; and
2. pay Ms M simple interest at a yearly rate of 8% on any payment in settlement of her claim from 29 December 2024 to the date of payment. If UKI considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Ms M how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
3. write a letter to Ms M (which she may show to current and future insurers) saying that it voided her policy unfairly and that it has removed any adverse information from external databases to which it had provided such information; and
4. pay Ms M £450.00 for distress and inconvenience.

Ms M disagreed with the provisional decision in part (see "[Ms M's response to the provisional decision](#)" below).

UKI disagreed with the provisional decision (see "[UKI's response to the provisional decision](#)" below).

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.

CIDRA imposes a duty on a consumer to take reasonable care not to make a misrepresentation when taking out or varying an insurance policy.

If a consumer makes a careless misrepresentation that makes a material difference to the insurer, then the misrepresentation is a qualifying one and the insurer has certain remedies.

If the difference is that the insurer wouldn't otherwise have offered cover, then the remedies include declining any claim and treating the policy as void.

If the misrepresentation is not merely careless but reckless or deliberate, then the insurer may also decline to refund the premium.

UKI sent us, in confidence, its commercially sensitive underwriting criteria. From that, I'm satisfied that - at all material times - it wouldn't have covered a car that it knew to have a vinyl wrap.

There's no suggestion that Ms M made a misrepresentation when she took out the policy in May 2023. The vinyl wrap came later.

UKI's policy terms included the following definition of modifications:

"Any changes to your car's standard specification, including optional extras. Modifications include changes to the appearance or the performance of your car, including wheels, suspension, bodywork and engine. Please note this is not a complete list. Modifications include changes made to your car by a previous owner."

Ms M had the car wrapped in September 2023. In the usual course of events UKI would've sent a renewal invitation in about late April 2024.

The May 2024 renewal was a variation, not least because the duration and price changed.

I've seen UKI's renewal confirmation dated 14 May 2024. That included the following:

*"What you need to do now
Please check the details of your insurance policy carefully to make sure it's right for you.
> You must take care to make sure that all the details you've given us are correct and complete.
> If you notice something is wrong you must let us know, as incorrect or incomplete details could impact your policy. This could include your policy not being valid, or claims being turned down or not fully paid.
> Also, please don't forget to let us know immediately if anything has changed since you received your renewal invitation, or if anything changes before your policy starts. These changes may include, but are not limited to, things like a claim, a motoring offence or any changes to your car, as these could also have an impact on your policy or a claim being paid.
> Please let us know straight away if anything isn't right or you're not sure about any details"*

The renewal confirmation included the "Car insurance details" that repeated that the car had no modifications.

On 22 May 2024, the car passed an MOT test with a recorded mileage of 118,229 and a note that it had a damaged front nearside wing (according to its MOT history).

The flood damage and the need to make a claim were, in my view, bound to cause Ms M distress and inconvenience. However, UKI was under an obligation to deal with the claim promptly and fairly.

I've seen that UKI inspected the car in late November 2024. The photographs show a badly damaged front nearside wing. I find it likely that this was the same damage that had been noted in May 2024.

UKI noted the car's recorded mileage as 118,236, only 7 miles more than when it was at the MOT garage in May 2024.

The photographs don't show flood damage, but I accept that there was such damage. The report said that the car was a total loss and its pre-loss value had been £6,886.00.

Ms M's response to the provisional decision

Ms M's mother says that her daughter drove the car hundreds of miles between May and November 2024. I would usually accept what she says.

However, I don't consider that Ms M's mother has provided enough detail or evidence of where the car was for its MOT test or where it went afterwards, or its mileage at the date of the flood.

Moreover Ms M's mother hasn't accepted that the car's wing was badly damaged. However I can see from the photographs taken at the inspection in late November 2024 that the car had a badly damaged front nearside wing, with a large gap between it and the nearside door. So I don't find that Ms M's mother was as familiar with the car as she might've been if it had been her own or if she had been a named driver.

UKI's inspection was partly for the purpose of assessing the pre-loss value of the car. So I place more weight on its record of the mileage than on Mrs M's mother's evidence that her daughter drove the car hundreds of miles between May and November 2024.

UKI's response to the provisional decision

UKI has quoted the following policy term:

"Modifications to your car Modifications are changes to your car's standard specification, including optional extras. If you wish to modify your car, you must tell us what modifications you want to make, and we must agree to them beforehand. Modifications include changes to the appearance or the performance of your car, including wheels, suspension, bodywork, engine and any additional software features (excluding those provided free as software updates by the manufacturer). This is not a complete list. If you don't provide correct and complete information or inform us of any changes, this could invalidate your policy or mean we don't pay claims in full or at all."

UKI says that a reasonable consumer, who had formally notified DVLA of a full- body wrap would understand this to be a significant change to the appearance of the vehicle and relevant to an insurer's risk assessment.

UKI has sent us a copy of the renewal invitation dated 1 May 2024 (which I had not seen before). It contained the following:

*"What you need to do now
1 Please check your car insurance carefully to make sure it's right for you
> Make sure the information we have for you is still correct and that the cover meets your needs."*

See 'How to check your car insurance' for further details."

The renewal invitation also included the following:

"How to check your car insurance

...

You must take care to make sure that all the details you've given us are correct and complete

> If you notice something is wrong you must let us know, as incorrect or incomplete details could impact your policy. This could include your policy not being valid, or claims being turned down or not fully paid."

The renewal invitation also included the following:

"Car insurance details

Here's the important details about your insurance that form part of your policy.

Please take care to check all the information.

> We've used the details you've given us as part of this renewal invitation for your insurance, so please check the details to make sure they're right to the best of your knowledge.

> If you notice something is wrong you must let us know, as incorrect or incomplete details could impact your policy. This could include your policy not being valid, or claims being turned down or not fully paid.

> Please let us know straight away if anything is wrong or you're not sure about any details. You can get in touch on 0345 877 6680.

> Remember to look through your policy from time to time to make sure your insurance is still right for you....

Your car...

Modifications no modifications made"

The renewal invitation also included the following:

'Your declaration

Please read your policy carefully to make sure it's right for you. It's important that you take care to give us accurate information to the best of your knowledge. If you notice something is wrong you must let us know, as incorrect or incomplete details could impact your policy. This could include impacts like your policy not being valid, claims being turned down or not fully paid. If you think there's a mistake or you need to make changes (including, but not limited to, notifying us of any motoring offences or changes to any vehicle or driver which have taken place since you received your renewal invitation or which occur during the term of this policy), you must let us know straight away."

UKI says that this is both clear and specific and therefore the customer did make a qualifying misrepresentation under CIDRA.

UKI has quoted the following subsection of CIDRA:

"S. 2(3) A failure by the consumer to comply with the insurer's request to confirm or amend particulars previously given is capable of being a misrepresentation for the purposes of this Act (whether or not it could be apart from this subsection)."

However, I'm still not persuaded that, before the renewal in late May 2024, UKI asked Ms M a clear question specific to changes or modifications to the car. Neither did UKI ask Ms M to contact it to confirm that the "Car insurance details" were correct.

So I'm not persuaded that – by failing to contact UKI in May 2024 about the wrap - Ms M made a careless misrepresentation. And if there was no careless misrepresentation, there was no qualifying misrepresentation and CIDRA gave UKI no remedies.

So I consider that UKI treated Ms M unfairly by alleging misrepresentation and treating the policy as void and declining her claim for that reason. As part of that, UKI's letters were inappropriate and unfair.

Putting things right

I've thought about the impact of that on Ms M and what it's fair to direct UKI to do to try to put things right at this late stage.

Policyholders often expect us to direct an insurer to pay their claim. However, where an insurer has declined a claim without considering the details of the claim, we often direct the insurer to reconsider the claim. I find it fair and reasonable to direct UKI to reconsider Ms M's claim on the footing that the policy was not void as a result of misrepresentation that the car had no modifications.

Insofar as that reconsideration results in a payment to Ms M, I find it fair and reasonable to direct UKI to add interest at our usual rate from a date about one month after the claim, or in this case 29 December 2024.

I accept that – without an insurance payment - Ms M couldn't afford to replace the car.

I haven't seen any evidence that Ms M took out a replacement policy for the car. However, I find it fair and reasonable to direct UKI to write a letter to Ms M (which she may show to current and future insurers) saying that it unfairly treated her policy as void and that it has removed any adverse information from external databases to which it has provided such information.

I've seen evidence that UKI provided a hire car until about 28 December 2024.

From what Ms M and her mother said, Ms M was out of the UK until about 7 February 2025.

I haven't seen enough evidence that Ms M paid for taxis.

I've seen evidence that Ms M paid for hire cars as follows:

| | |
|---------------------|-----------|
| 03.03.25 – 23.03.25 | £ 448.73 |
| 07.04.25 – 22.04.25 | £ 399.48 |
| 26.04.25 – 07.05.25 | £ 250.43 |
| Total | £1,098.64 |

However, I've found that her own car had – since at least May 2024 – had a badly damaged wing, and she had barely used her own car from May to November 2024. So I don't find it fair and reasonable to direct UKI to reimburse Ms M for hiring replacement cars (or taking taxis) in the Spring of 2025.

UKI's unfair actions in treating the policy as void and declining the claim had an impact on Ms M that included outrage at being accused of dishonesty. That was shared and perhaps mitigated by Ms M's mother. She bore much of the burden of complaining to UKI.

However, the policy only covered Ms M. So, under the rules by which we are bound, I can only consider the impact on Ms M.

Taking into account the nature and duration of her distress and inconvenience, as well as our published guidelines, I conclude that £450.00 is fair and reasonable compensation.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct U K Insurance Limited to:

1. reconsider Ms M's claim on the footing that the policy was not void as a result of misrepresentation that the car had no modifications; and
2. pay Ms M simple interest at a yearly rate of 8% on any payment in settlement of her claim from 29 December 2024 to the date of payment. If UKI considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Ms M how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
3. write a letter to Ms M (which she may show to current and future insurers) saying that it unfairly treated her policy as void and that it has removed any adverse information from external databases to which it had provided such information; and
4. pay Ms M £450.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 27 October 2025.

Christopher Gilbert

Ombudsman