

The complaint

Mr O is a sole trader. He complains Zurich Insurance Company Ltd voided his contractors combined insurance policy following a claim on the public and products liability section of it.

What happened

In August 2024 there was a fire at a storage area rented by Mr O which caused significant damage. The owner of the site thought Mr O was responsible for that and made a claim against him. Mr O sought assistance from his policy. Zurich turned down the claim. It said when taking out the policy Mr O said his trade was 'general builder'. However, the investigation of his claim established he also carried out house clearance work, waste removal and metal reclamation. It said if that had been declared when the policy was taken out it wouldn't have offered cover. So it said it wouldn't be covering his claim, voided the policy from the outset and refunded the premium Mr O paid for it. It didn't accept it had disclosed any unnecessary personal data as part of its investigation.

Our investigator agreed Mr O hadn't made a fair presentation of risk when taking out the policy because he didn't disclose the waste disposal activities he carried out when describing his trade or profession. And she was satisfied Zurich wouldn't have offered cover if given the correct information. So she thought it acted correctly in voiding his policy and refunding the premium he paid. And having reviewed call notes with the site owner she didn't think Zurich had disclosed inappropriate personal information about his claim.

Mr O didn't agree. He said:

- He'd fully extinguished the container in which he was burning material prior to leaving the storage area. He didn't think Zurich had evidenced the subsequent fire resulted from that. And he hadn't burnt waste furniture as the loss adjuster had suggested. When working as a builder he was required to remove debris and other items which was why he had a Waste Disposal licence. That enabled him to take items to a registered tip.
- It was information provided by the site owner in February 2025 that caused him to raise concerns with Zurich about what it had disclosed; the site owner had given him information which only Zurich would have had access to.

He asked for an Ombudsman to consider his complaint. So I need to reach a final 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 appreciate Mr O doesn't believe a clear connection between his burning of waste at the storage site and the subsequent fire has been established. However, I don't think the specific circumstances of his claim are relevant to the outcome of this complaint. The reason Zurich voided the policy (which meant the claim wasn't payable) was because it was concerned Mr O hadn't provided correct information about the nature of his work when first taking the policy out. And if he had done it wouldn't have agreed to provide cover at all. So I've focussed on that issue in this decision.

The relevant rules and industry guidelines say Zurich has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably. And as its reasons for declining the claim (and voiding the policy) relate to information it says Mr O (as a sole trader) should have provided when taking out the policy I've also taken into account the relevant law in relation to that which is the Insurance Act 2015. The Act says when taking out the policy he had a duty to make a fair presentation of risk. So he had to disclose:

- everything he knew, or ought to have known, that would influence the insurer's judgment in deciding whether to insure the risk and on what terms; or
- enough information to put the insurer on notice that it needed to make further enquiries about potentially material circumstances.

In considering whether a policyholder made a fair presentation of risk I think it's reasonable to take into account whether an insurer sought any particular information from them. So I think it's relevant to consider what questions Zurich asked and how clear and specific those questions were. In this case I understand those questions are reflected in the Statement of Fact issued at the time the policy was first taken out. In relation to Mr O's business it asked "*What is your specific trade/profession?*". Mr O said '*Builder*', He was then asked "*Do you have a secondary trade/profession?*". Mr O said '*No*'.

I appreciate as part of his work as a builder Mr O would likely have been required to dispose of waste material from the properties he was working on. And that activity could be seen as part of that trade. But it appears the waste disposal activity Mr O was engaged in went beyond that. The loss adjuster recorded him as saying he carried out house clearance work as well as collecting mattresses from people who contacted him (for which he charged less than the local authority). And he would strip out metal from the mattresses and dispose of the remains.

I recognise that may not have been the main focus of his work but it does appear to have formed a specific and separate part of it. Given that I think Mr O should have told Zurich about it when asked if he had a secondary trade or profession and didn't. I'm satisfied he didn't make a fair presentation of risk when taking out this policy.

The Insurance Act says an insurer only has a remedy against an insured for a breach of that duty if it can show it wouldn't have entered into the contract of insurance or would have done so on different terms. In this case I've seen underwriting evidence which satisfies me that if Zurich had been aware Mr O was carrying out separate waste disposal work it would haven't offered the policy at all. So there has been a qualifying breach here.

The remedies for a qualifying breach are also set out in Insurance Act. Zurich appears to have accepted the breach wasn't deliberate or reckless. Where that's the case the Act says "*the insurer may avoid the contract and refuse all claims but must in that event return the premiums paid*". That's the approach Zurich has taken here. That's in line with the provisions of the Act and I don't think it was unfair in the circumstances of this case.

Mr O also says Zurich disclosed inappropriate information about his claim to the third party owner of the storage unit. When he contacted Zurich about this he said the third party had been told Zurich were “*looking at other reasons not to pay the claim*”.

I don't it's in dispute Zurich did receive a call from the third party but it doesn't appear a recording of that call is available. However, Zurich's notes suggest the third party was told information it had requested hadn't yet been received and inquiries were ongoing. And the third party should seek their own legal advice. I don't think Zurich would have done anything wrong in saying that. And while I appreciate the third party appears to have provided different information to Mr O about what was discussed there's not enough here to persuade me Zurich's notes are inaccurate.

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 4 February 2026.

James Park
Ombudsman