

## **The complaint**

Mrs P has complained about Aioi Nissay Dowa Insurance UK Limited trading as Toyota Insurance Services (Toyota)'s decision to decline her claim under her car insurance policy.

## **What happened**

Mrs P bought a car insurance policy with Toyota in January 2025. In August 2025 she reported an incident where Mrs P collided into the rear of a vehicle.

Mrs P said she was travelling on her way to a client's address. Toyota said Mrs P hadn't selected business use when she bought the policy. She had selected 'social and commuting' use.

Toyota said Mrs P hadn't bought the required level of cover for her circumstances as she should have bought business use which attracted a higher premium. Toyota said it would meet the third party claim as it was obliged to do so in line with the Road Traffic Act. But it said it would not meet Mrs P's claim for repairs to her car. And it said it would look to recover the third party claim costs from Mrs P.

Toyota gave Mrs P the option to continue with the policy and pay a higher premium to include business use for the remainder of the term.

Mrs P asked us to look at her complaint as she thought Toyota's decision not to meet her claim was unfair. She said she believed she had selected the correct level of cover as she had included commuting.

One of our Investigators thought that Toyota should meet Mrs P's claim on a proportionate basis. Had Mrs P selected the correct level of cover, Toyota would have still provided a policy, but for a higher premium. The Investigator recommended Toyota pay Mrs P £150 compensation for the distress and inconvenience caused.

Toyota didn't agree and wants an ombudsman to decide. It says the law which the Investigator has followed in her approach does not apply in this case. Toyota says the level of cover was clear and requested by Mrs P. Her use of her car when the incident happened falls outside the scope of the cover purchased and is not a misrepresentation or disclosure issue.

Mrs P acknowledged receipt of the view and provided no further comment.

## **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.

Toyota says it will not meet Mrs P's claim. It will meet the third party claim as it is obliged to do so under the Road Traffic Act as the last known insurer. But Toyota says it intends to recover the third party claim costs from Mrs P. It has relied on the following term of the policy:

*“Driving and Use*

*If a claim occurs whilst any vehicle your Schedule allows you to drive was being:*

- *driven or used other than in accordance with your Certificate of Motor Insurance*

*then there will be no cover provided under this policy and instead, our liability will be restricted to meeting our obligations as required by the Road Traffic Acts or any other Countries Compulsory Insurance Law or Regulations.”*

Mrs P’s motor certificate of insurance showed the level of use as ‘social and commuting’.

If a consumer misrepresents information when buying a policy, insurers can rely on The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This law requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

If a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn’t made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Toyota says CIDRA doesn’t apply in this case. While I agree with this statement, Toyota has applied some of the remedies under CIDRA. It has offered to provide cover for the remaining term of the policy at a higher premium, based on business use. Under CIDRA, where an insurer – had it known the correct information – would have provided cover at a higher premium, it can settle a customer’s claim proportionately and continue cover at the recalculated higher premium.

While a remedy under CIDRA may not have to apply here, our approach is to look at what is fair and reasonable in each case. And when doing so, we find that an approach similar to CIDRA in similar cases to Mrs P’s to be fair.

Mrs P was presented with the following question to answer when applying for the policy:

*“What do you use the car for?”*

- *“Social Use only – personal use such as shopping or visiting friends and family.*
- *Social and commuting – Personal use and driving to and from a single place of work or study.*
- *Social, commuting and business – You drive to various locations for work. You can also add other drivers who use this car for business.”*

Mrs P ticked ‘social and commuting’. When Mrs P made her claim, she explained that she is office based, but she also travels from the office to regular clients as a care supervisor. Mrs P said she believed she had selected the correct level of cover.

When the incident happened, Mrs P was travelling for a visit to a client.

I don't find that Mrs P deliberately misrepresented her information, but on balance didn't take reasonable care to answer the question. Mrs P selected commuting, but should have selected business use for her circumstances.

I don't find that Toyota has provided a fair and reasonable outcome in this case by choosing not to meet Mrs P's claim – and to look to recover the third party claim costs from her. I think a fair and reasonable outcome is for Toyota to settle Mrs P's claim proportionately to reflect the difference in percentage of premium it would have charged for business use. It follows that I think Toyota should cover the equivalent third party claim costs under the claim.

This means that Mrs P may be liable for a percentage of the third party claim costs as she did not have the full level of cover at the time of the incident.

I've no doubt Toyota's decision to reject Mrs P's claim in full caused her distress and inconvenience. For this I think Toyota should pay Mrs P £150 compensation.

### **My final decision**

My final decision is that I uphold this complaint. I require Aioi Nissay Dowa Insurance UK Limited trading as Toyota Insurance Services to do the following:

- Meet the claim on a proportionate basis to reflect the percentage difference in premium price for business use under the policy.
- Pay Mrs P £150 compensation for the distress and inconvenience caused.

Aioi Nissay Dowa Insurance UK Limited trading as Toyota Insurance Services must pay the compensation within 28 days of the date on which we tell it Mrs P accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Aioi Nissay Dowa Insurance UK Limited trading as Toyota Insurance Services considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs P how much it's taken off. It should also give Mrs P a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 5 March 2026.

Geraldine Newbold  
**Ombudsman**