

The complaint

Mr V complains that Zurich Insurance Company Ltd avoided his car insurance policy (treated it like it never existed) and refused to pay his claim.

Mr V is being represented by his son Mr Z in his complaint.

All reference to the insurer Zurich in my decision includes agents acting on its behalf.

What happened

In June 2024 Mr V took out a car insurance policy with Zurich via a broker online through a comparison website. In November 2024 Mr V made a claim for damage to his car.

Zurich said Mr V had answered the question it asked about the registered keeper and owner of the car incorrectly. And it considered this to be a careless qualifying misrepresentation, which entitled it to avoid the policy and refuse to deal with Mr V's claim.

Mr V brought his complaint to us and our Investigator thought it shouldn't be upheld. He found Zurich had acted reasonably, in line with the policy and relevant law.

Mr V doesn't agree with the Investigator and has asked for an ombudsman's decision. He says the decision is unfair.

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.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This 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.

And 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.

Zurich says Mr V failed to take reasonable care not to make a misrepresentation when he declared that he was the registered keeper and owner of the car.

I've looked at the question Mr V was asked about this when he applied for the policy with Zurich. The question asked was:

“Are you (or will you be) the registered keeper and legal owner?

The registered keeper is named on the V5 copy (you/they should have a copy)”

The notes on the website explained the following:

“How can I find out about this?

If your car is financed or leased, you can check the agreement to confirm who the legal owner and registered keeper is. If you bought the car or if ownership was transferred to you (for example if the car was a gift) then you will also be the legal owner.”

So I think the question was clear. Mr V said a friend, Mr Y owed him money and Mr V couldn't obtain finance. So they agreed between them that Mr Y would transfer the ownership of the car to Mr V and Mr Y would pay the finance for the car as a way of repaying Mr V for the money he owed. Mr V says he is the owner of the car.

However, as the car is subject to finance which is not in Mr V's name, there was no insurable interest in Mr V's name. Although the V5 was updated to show Mr V as the registered keeper of the car in June 2024, he cannot be the legal owner in these circumstances.

Zurich has provided a copy of the finance agreement for the car which is in Mr Y's name.

So I think Mr V failed to take reasonable care when he answered the question about the registered keeper and legal owner of the car.

I have looked at whether the misrepresentation was a qualifying one. Zurich has provided its underwriting information to show that had it known the correct information when Mr V applied for the policy, Zurich wouldn't have offered a policy. An insurer's underwriting criteria is commercially sensitive information and so I cannot share it. But this service can ask an insurer to provide it to us – so that we can see it has treated a customer fairly.

This means I'm satisfied Mr V's misrepresentation was a qualifying one.

In line with CIDRA, an insurer can classify the misrepresentation as:

- deliberate or reckless, or:
- careless

Zurich has said Mr V's misrepresentation was careless, which is the most favourable outcome for Mr V. It has provided a refund of premium from the start date of the policy in June 2024. In line with CIDRA, where an insurer decides a misrepresentation was deliberate or reckless, it can keep the premium paid.

I've looked at the actions Zurich can take in accordance with CIDRA. I'm satisfied Zurich was entitled to avoid Mr V's policy in accordance with CIDRA. And, as this means that – in effect – his policy never existed, Zurich does not have to deal with Mr V's claim. As CIDRA reflects our long-established approach to misrepresentation cases, I think allowing Zurich to rely on it to avoid Mr V's policy produces the fair and reasonable outcome in this complaint.

I understand Mr V is unhappy with the length of time it took for Zurich to reach its decision. I think an insurer is entitled to carry out an investigation when a claim is made and

misrepresentation is identified. This can take time. Overall I don't find from the timeline that Zurich caused avoidable delays in reaching its decision.

My final decision

For the reasons set out above, I've decided not to uphold Mr V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 30 December 2025.

Geraldine Newbold
Ombudsman