

The complaint

Mr L complained that Liverpool Victoria Insurance Company Limited (LV) unfairly cancelled his motor insurance policy.

What happened

In January 2025, Mr L took out a motor insurance policy with LV, which he did through a price comparison website. Mr L set up an online account, through which he received the policy documents. Two days prior to the policy starting, LV wrote to Mr L giving a seven day cancellation notice. LV said he'd acted dishonestly by providing false information at the time of the application.

Unhappy with LV's decision to cancel the policy, Mr L complained. He said a friend of his had applied for the policy on his behalf and he got mixed up with the purchase year of his car. In its response to the complaint, LV maintained its decision to cancel the policy and retain Mr L's premium.

Mr L didn't think he'd been treated fairly by LV, so he referred the matter to our Service for an impartial and independent review. Our Investigator didn't uphold the complaint. They thought LV had acted fairly when cancelling the policy and retaining the premium. Mr L didn't agree and asked for his complaint to be considered by an Ombudsman.

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'm aware I've set out the background to this complaint in less detail than the parties have presented it. I'm not going to respond to every single point raised. Instead, I've focused on what I find are the key issues here. I assure both parties, however, that I've read and considered everything they've provided.

Did Mr L take reasonable care not to make a misrepresentation?

LV says the information provided by Mr L at the time of the policy application was incorrect. So, 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. 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.

LV believes Mr L failed to take reasonable care not to make a misrepresentation when he said he purchased his car in 2021. That's because the V5 shows the car was purchased in 2024. The test for whether the consumer took reasonable care is set out in CIDRA. The standard of care required is that of a 'reasonable consumer'. This means I need to consider what a reasonable consumer would have done in the circumstances.

I've looked at the question Mr L was asked online. Screenshots provided by LV show what Mr L would have been asked when the car was purchased. I find Mr L was asked a clear question when he applied for the policy online, but I'm not persuaded he answered it correctly. It follows that I don't think Mr L took reasonable care not to misrepresent information about when he purchased his car.

I've considered what Mr L says about his friend getting mixed up about the year the car was purchased. But the responsibility rests with the policyholder, in this case Mr L, to ensure the information they're providing is accurate when applying for insurance. I'm also satisfied Mr L was given the opportunity to check and confirm the answers recorded in his application in the policy documents which were accessible to him via an online portal on the same day.

The policy documentation made clear Mr L needed to notify LV if anything was incorrect. It also gave him clear warnings about the potential consequences of providing incorrect information. So, I don't think it was unfair for LV to conclude Mr L didn't take reasonable care not to make a misrepresentation at the time of the application.

Was Mr L's misrepresentation a qualifying one?

The next question I've considered is the impact on LV due to Mr L's misrepresentation. LV has explained that had Mr L not made the misrepresentation, it would have charged him a higher premium. This means I'm satisfied Mr L's misrepresentation was a qualifying one.

LV said Mr L had created quotes that had a different year of purchase for the car, and other incorrect information had been provided. And that Mr L had put the correct year of purchase in but then changed it to 2021 to get a cheaper policy. So, it felt Mr L had amended the details deliberately as he would've seen the difference in the premium between a purchase date of 2024 and 2021. I agree that Mr L's misrepresentation was deliberate or reckless and I'll explain why. A misrepresentation is considered deliberate or reckless if the consumer:

- knew the information they provided was untrue or misleading or did not care whether it was untrue or misleading; and
- knew that the matter to which the misrepresentation related was relevant to the insurer or did not care whether or not it was relevant to the insurer.

I think Mr L would have been aware of the difference the dates made to the premium he was quoted. So, I'm satisfied he knew the date of purchase was relevant to LV. Therefore, I think he would have known the information he provided was wrong. As such, I find his misrepresentation to have been deliberate or reckless.

Mr L believes he should've had the right to cancel the policy within the cooling off period. However, under CIDRA, if the qualifying misrepresentation is deliberate or reckless, the insurer can avoid the policy (treat the policy as if it never existed) immediately and need not return the premiums.

So, I'm satisfied LV was entitled to avoid Mr L's policy and wasn't required to return the premium he'd paid. And I can see that LV alerted Mr L to the policy avoidance by phone and email giving him seven days' notice which wasn't something it was required to do. So, I can't

say that LV treated Mr L unfairly or unreasonably.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 January 2026.

Linda Tare
Ombudsman