

The complaint

Mr M complains Advantage Insurance Company Limited (Advantage) has settled the claim he made under his motor insurance policy on a proportionate basis.

Mr M is being represented in this complaint by Miss M, who was the named driver on the policy.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

In March 2025 Mr M purchased a motor insurance policy which was provided by Advantage. In September 2025 Mr M reported a claim under his policy. After reviewing the claim, Advantage wrote to Mr M to say he had failed to make it aware of a previous claim from February 2025 when he purchased his policy. It said it would settle 71% of Mr M's claim. Mr M didn't think this was reasonable and so raised a complaint.

On 31 October 2025 Advantage issued Mr M with a final response to his complaint. It said the decision to settle Mr M's claim proportionately was correct. Mr M referred his complaint to this Service.

Our Investigator looked into things. She said she thought the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) applied. She said she thought Advantage had fairly applied CIDRA and so it had fairly settled Mr M's claim.

Miss M didn't agree with our Investigator. She provided a detailed response but in summary she said:

- The question asked when taking out the policy was ambiguous.
- Miss M, who took out the policy, was going through a very difficult period at the time of purchasing the policy and so any error was a genuine mistake and not a failure to take reasonable care.
- The 29% deduction in the settlement has caused financial hardship and had a serious impact on her physical and mental health.
- In the circumstances the proportional settlement applied by Advantage is unfair and should be re-considered.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

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 want to acknowledge I've summarised Mr M's complaint in less detail than he's presented it. I've not commented on every point he or Miss M have raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr M and Advantage I've read and considered everything that's been provided.

The relevant law in this case is 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 that 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.

Advantage think Mr M failed to take reasonable care not to make a misrepresentation when he failed to tell it about a previous theft claim from February 2025. Miss M took out this policy on Mr M's behalf and when purchasing the policy she was asked:

'Have you had any motor accidents, claims or losses in the past 5 years, no matter who was at fault or if a claim was made?'

'We need to know about any claims (including unsettled claims), accidents, or losses involving any car, van, motorbike, or any other vehicle.'

Miss M answered this question as, 'no'. Advantage has said it is aware of a theft claim from 28 February 2025 which wasn't declared to it. Mr M doesn't dispute that a theft claim was reported to his insurer. So, I think there has been a misrepresentation. I've therefore considered whether there was a failure to take reasonable care when answering this question.

Whilst I acknowledge Miss M was going through a very difficult period at the time of purchasing the policy, I don't think it was unreasonable for Advantage to conclude there was a failure to take reasonable care when this previous theft claim wasn't declared to it.

Miss M has said she thinks the question asked is ambiguous. She also said she wasn't aware the previous claim had to be declared because it hadn't yet been settled at the time the policy with Advantage was taken out. I don't agree the question is ambiguous. I think the question is clear any accidents, claims or losses need to be declared, and this includes unsettled claims. And the theft claim had occurred less than a month earlier. Taking all of the circumstances into consideration, I think a reasonable person in this position would have declared the previous theft claim to Advantage.

As I think there has been a failure to take reasonable care, I've gone onto consider whether this is a qualifying misrepresentation.

Advantage has provided underwriting evidence to show had the previous theft claim been reported to it, it would have charged Mr M an additional premium for his policy. As I'm satisfied Advantage would have offered Mr M a policy, but on different terms, I'm satisfied

the misrepresentation is a qualifying one.

Advantage has treated the misrepresentation as a careless one, which I think is reasonable in the circumstances. So, I've looked at the actions Advantage can take in accordance with CIDRA.

As Mr M has made a claim, CIDRA entitles Advantage to settle the claim proportionately based on the premium he has paid compared to the premium he should have paid had he not made a misrepresentation. Advantage has provided underwriting evidence to show had Mr M declared the previous theft claim, the net premium it would have charged, before Insurance Premium Tax, would have been £1,975.21 rather than the £1,401.47 it charged Mr M. So, as Mr M has paid 71% of the premium he should have done, CIDRA entitles Advantage to pay 71% of Mr M's claim. So, I think Advantage has fairly applied the remedy available to it under CIDRA.

I acknowledge Miss M has said Advantage's decision to settle Mr M's claim proportionately has caused financial difficulties and impacted her health. And I naturally empathise with her given the circumstances. However, for the reasons I've explained I think Advantage has fairly applied CIDRA when settling Mr M's claim. And as CIDRA reflects this Service's long-standing approach to misrepresentation cases, I think allowing Advantage to rely on it to proportionately settle Mr M's claim produces a fair and reasonable outcome in this complaint.

My final decision

For the reasons I've outlined above, I don't uphold Mr M's complaint about Advantage Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 January 2026.

Andrew Clarke
Ombudsman