

## The complaint

Mr S is unhappy with the service provided by Fortegra Europe Insurance Company Ltd after it refused to pay a claim made under his complete cosmetic protection policy.

## What happened

Mr S took out a complete cosmetic protection (CCP) policy with Fortegra in September 2023 covering a 36 month period. The policy was taken out at the dealership where Mr S purchased a new vehicle. Mr S's occupation was recorded as managing director of his own company, dealing in 'unlicensed restaurants and cafés'.

The terms and conditions for the policy explained:

*Please Note:*

*The following vehicles and vehicle uses are NOT eligible for cover:*

- *Vehicles used for commercial or business use, hire and reward, driving school tuition, chauffeuring, road racing, track days (timed or untimed), rallying, pace-making, speed testing or any other competitive event.*

Mr S attempted a claim under his policy in January 2025. While assessing Mr S's claim, Fortegra found that Mr S sometimes used the insured vehicle to chauffeur clients. Mr S was told that Fortegra wouldn't be paying his claim, and that it would return any policy premium paid. Mr S was later told if he cancelled his policy, he'd be offered a pro-rata refund of his premium from the date it was told about the insured vehicle being used for chauffeuring.

Mr S complained to Fortegra about its decision to decline his claim, and offer only a pro-rata refund. Fortegra responded to Mr S's complaint saying Mr S had provided incorrect information about the intended use of the insured vehicle, and so its decision on the claim and pro-rata refund was fair. Mr S was unhappy with this response and brought his complaint to the Financial Ombudsman Service. The Investigator said Fortegra should refund the premium paid for Mr S's policy as Mr S was never eligible for the policy.

Fortegra rejected these findings. As the complaint couldn't be resolved, it has been passed to me for 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'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.

Mr S says *'at the time I bought the car I informed the sales person that I'll use the car to pick up some of my business clients'* and that the eligibility criteria, specifically that chauffeuring wasn't covered, wasn't made clear to him. Fortegra says it has assessed Mr S's claim in line with the policy terms, and offered a pro-rata refund in the event of cancellation.

Firstly, I'm satisfied Fortegra has fairly declined Mr S's claim in line with the policy exclusion for eligibility. Mr S has confirmed the intended use for the insured vehicle included commercial use by way of chauffeuring some business clients. As the policy doesn't cover for this, Fortegra's decision to decline Mr S's claim is reasonable and in line with what we'd expect. I've considered whether Fortegra has acted reasonably in respect of the option to offer Mr S a pro-rata refund of his policy premium.

Having reviewed the policy terms, I can see that any cancellation by a customer after 30 days of the policy being force, would be subject to a pro-rata refund of the policy premium only. I note that within the policy terms, there isn't the option for Fortegra to cancel the policy. After discovering the insured vehicle was being used for chauffeuring, Fortegra said it would cancel the policy, and refund Mr S the policy premium. However, Fortegra later told Mr S it would only offer a pro-rata refund if he cancelled the policy.

The Insurance Act broadly says that when buying a policy, the onus is on the buyer of the policy to make a fair presentation of the risk if they are a commercial customer. Insurers might want to cover different risks and they offer a policy based on the risks they want to cover, using the information given by the buyer of the policy.

As Fortegra was not willing to offer the policy Mr S took out (because of the intended use of the insured vehicle included chauffeuring), this means that it could rely on the Act to avoid his policy. However, Fortegra didn't avoid Mr S's policy. Instead, it provided Mr S with the option to cancel. So, under the circumstances, I consider our remit of fair and reasonable is the correct approach for determining an outcome for Mr S's complaint about Fortegra's decision to offer a pro-rata refund.

There's no dispute that Mr S has nothing to gain from keeping the CPP policy in force. He is not eligible for cover, so he'd never be able to claim on it. Fortegra on the other hand, would benefit from collecting Mr S's premium, knowing that it would never have to pay a successful claim against the policy. This seems neither fair nor reasonable.

I don't think it's the intention of any policyholder to keep hold of a policy knowing it's one they could never successfully claim on. I recognise Fortegra offered Mr S the option to cancel the CPP policy, and agreed to pay a pro-rata refund in line with the policy terms on cancellation by a customer. However, I think a fairer approach is for Fortegra to refund the premium paid in full. I say this because the CPP policy has been of no value to Mr S from inception.

Mr S says his policy was cancelled around January- March 2025. However, he couldn't be certain whether a pro-rata refund was given to him at the time. So as part of my direction for putting things right, I'll be asking Fortegra to refund only any outstanding premium that Mr S is owed, that hasn't already been refunded to him.

I've considered whether Fortegra should also be directed to pay interest to reflect the time Mr S has been without the money owed. But having considered the circumstances and my overall direction for putting things right, I'm satisfied what I'm directing is a fair outcome. So, I won't be asking Fortegra to pay any interest in addition to refunding the policy premium.

### **Putting things right**

Fortegra Europe Insurance Company Ltd is directed to refund Mr S the cost of any premium paid for his complete cosmetic protection policy. If any amount of this refund has already been paid, Fortegra Europe Insurance Company Ltd is directed to pay the outstanding amount only.

### **My final decision**

For the reasons given above, I uphold this complaint. Fortegra Europe Insurance Company Ltd is directed to follow my directions for putting things right as detailed above.

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

Neeta Karelia  
**Ombudsman**