

The complaint

Mr G complains Watford Insurance Company Europe Limited (Watford) unfairly voided his motor insurance policy and refused to pay his claim.

Reference to Watford includes its agents

What happened

Mr G explained that his friend, Mr T lived in the UK and had a property in Spain. He said Mr T would normally drive his own car to Spain, but Mr G had returned to Spain in his campervan touring Europe on the way. So Mr T asked Mr G to drive his car from the UK to Spain.

Mr T purchased a temporary motor insurance policy for seven days to allow Mr G to drive his car to him. He recorded Mr G as the policyholder.

Mr G was involved in a motor accident whilst abroad, so he made a claim to Watford for the damage caused.

Watford voided the policy and decided not to pay Mr G's claim. It said, because he had taken the car out of the country to deliver it to Mr T, and wouldn't be returning with it during the period of cover, it considered the car had been exported. Watford said it considered this to be a qualifying misrepresentation under the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) because Mr T, on Mr G's behalf agreed to a statement to confirm the car would not be exported from the UK during the policy term. Watford said if it had known the vehicle was going to be exported, it wouldn't have offered Mr G a policy – so it thinks Mr T agreeing to the declaration, on Mr G's behalf, was a deliberate or reckless qualifying misrepresentation. Watford voided the policy and kept the policy premium. Voiding the policy meant in effect the policy never existed, and as a result Watford refused to deal with Mr G's claim. Mr G complained to us.

Ultimately our investigator upheld Mr G's complaint. He didn't think the statement in declaration, referring to exporting was clear and he thought it was reasonable for Mr T, on Mr G's behalf to agree to it because there was no evidence to show the journey to Spain was for the exportation of the car.

Our investigator didn't agree the vehicle was being exported because there was no evidence to show Mr T intended to sell it. And he thought Mr T, on Mr G's behalf had taken reasonable care when agreeing to the declaration. So he thought Watford should reinstate the policy and assess the claim in line with the remaining terms and conditions.

Watford didn't agree and asked for an ombudsman's decision. It thinks Mr T, on Mr G's behalf failed to take reasonable care, so the case has been passed to me.

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 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've 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, reckless or careless.

If the qualifying misrepresentation was deliberate or reckless the insurer can void the policy and retain the premium. That's what Watford has done here because it says Mr T, on Mr G's behalf, made a deliberate or/reckless misrepresentation. It said that had it known he was exporting the car, it wouldn't have insured him.

What I first need to consider is whether Mr T, on Mr G's behalf failed to take reasonable care not to make a misrepresentation when he agreed to the declaration. CIDRA requires him to take reasonable care not to make a misrepresentation. And the level of care is that of a 'reasonable consumer'. So what I need to consider is why Mr T, on Mr G's behalf, agreed to the declaration and decide whether or not a 'reasonable consumer' would have agreed in the same way in the same circumstances.

I've looked carefully at the declaration Mr T, on Mr G's behalf, completed at the time of the sale. He was asked to agree under Section 2, point G of the Proposer's Declaration that "*the vehicle: Will be in the UK at the start of the policy and will not be exported from the UK during the duration of the policy*".

Watford thinks Mr T, on Mr G's behalf, failed to take reasonable care because he was taking the car to Spain. It has pointed out several different definitions of 'export', including sending goods to another country for sale and putting something from one country to use in another. So, it thinks it made it clear to Mr T at the time of the sale that Mr G wouldn't have been eligible to take the vehicle to Spain because that would have been exporting it.

Mr G said the purpose of the journey was to deliver the car to Mr T, who had a villa in Spain and intended to use it as an alternative vehicle to his campervan while over in Spain. Mr T said that it was never his intention to sell the car, and that it would return to the UK when he came back. I think it's reasonable for Mr T, on Mr G's behalf not to consider that he was exporting the car, because there is no evidence that he intended to sell it.

That's because I am not persuaded that a reasonable consumer in the same position, would've understood that taking their car to Spain for use as an alternative means of transport whilst staying in their villa, amounted to exporting it. The declaration provides no explanation of what 'exported' means, and there is no reference to it, in the policy terms and conditions. So I don't agree it would've been sufficiently clear to Mr T or any other reasonable consumer, that taking his car to Spain would be deemed exporting it.

I also do not think the statement in the declaration, Watford asked Mr T to agree to on Mr G's behalf was clear enough. Given that 'exported' is open to more than one interpretation, I

do not think Mr T, on Mr G's behalf failed to take reasonable care not to make a misrepresentation.

And for this reason, I'm not satisfied Watford was able to rely on CIDRA to void Mr G's policy. Because there's been no failure to take reasonable care, there's no qualifying misrepresentation. Therefore, there's no action Watford can take under CIDRA.

Therefore, to put things right Watford should reinstate Mr G's policy and assess his claim in line with the remaining terms and conditions of the policy. Watford also needs to remove details that it voided Mr G's policy from any internal and external insurance databases and provide him with a letter confirming the policy was voided in error.

My final decision

For the reasons given above, my final decision is that I uphold Mr G's complaint. To put things right I require Watford Insurance Company Europe Limited to:

- Reinstatement of Mr G's policy and assessment of his claim in line with the remaining terms and conditions.
- Removal of all records of the policy's voidance from internal and external insurance databases and provision of a letter to Mr G confirming this has been done.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 March 2026.

Lorraine Ball
Ombudsman