

The complaint

Mr A complains Covea Insurance Plc unfairly settled his motor insurance claim on a proportionate basis.

Mr A's been represented for the complaint. For ease of reading I've referred to the representative's actions and comments as being Mr A's own.

What happened

In December 2024 Mr A's car was stolen. He claimed for the loss against his Covea motor insurance policy. However, Covea avoided his policy and declined the claim. It considered Mr A had failed when his policy renewed in September 2024, to declare an SP30.

In early June 2025 Mr A referred a complaint about the avoidance to this Service. Later the same month, and before we had considered the complaint, Covea reinstated the policy. It accepted it had been incorrectly avoided. It offered Mr A £500 compensation, committed to reopening the claim and settling on completion of all remaining validation steps.

In August 2025, under a separate complaint record, our Investigator assessed Mr A's concerns about the adequacy of the compensation paid for the impact of the overturned avoidance, alongside some other related matters. Both parties accepted the Investigator's assessment, with the complaint closing without the need for an Ombudsman's final decision.

Having reinstated the policy cover Covea settled the claim, but on a proportionate basis. The settlement, before excess deduction, was paid at 90% of the market value of Mr A's car. In October 2025 Covea responded to a complaint about the proportionate settlement. It said the non-disclosure of the SP30 had resulted in Mr A paying a lower premium than he should have. It had settled the claim in line with the proportion of the correct premium paid - and considered it had done so in line with relevant legislation.

Mr A wasn't satisfied with that outcome, asking this Service to require Covea to settle his claim in full. He argued he hadn't been prompted to declare the SP30 when his policy renewed, with the omission being unintentional and the resulting deduction unfair and disproportionate.

Our Investigator considered the complaint, concluding Covea had acted in line with the relevant legislation. He didn't recommend it do anything differently. As Mr A didn't accept that outcome the complaint was 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.

As this is an informal service I'm not going to respond here to every point or piece of

evidence Mr A and Covea have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

The relevant legislation for me to consider is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). It gives insurers the ability to take certain action, like settling a claim on a proportionate basis, if a 'qualifying misrepresentation' has been made.

I've first considered if there was a misrepresentation. Covea provided copies of Mr A's September 2024 renewal documentation. The cover letter asked him to read the enclosed policy information. It informed him that it's important the information provided for his policy is correct. It warned any failure to disclose correct information may result in increased premiums, refusal of a claim or it not being fully paid. It went on to ask Mr A to check the various documents, including the 'Statement of Insurance' and to get in touch if any of it is incorrect.

Within the Statement of Insurance Mr A is named as a driver. A little further down on the same page is the heading '*Details of any motoring Convictions, driving licence endorsements, fixed penalties, or disqualifications in the last five years.*' Below the heading is '*None disclosed*'.

Mr A accepts he was awarded an SP30 - a fixed penalty or endorsement - in March 2024. That was within the five years covered by the heading. So, it's fair for Covea to say that the failure to declare the SP30 was a misrepresentation. But for it to take any action, like a proportionate settlement of the claim, there would need to be a 'qualifying misrepresentation'. For that a few things are required. First, there must have been a failure to take reasonable care not to make the misrepresentation.

CIDRA sets out several things to be considered when deciding if a consumer took reasonable care not to make a misrepresentation. One is how specific and clear the questions asked were. Another is any relevant explanatory material.

I've already given a description of relevant parts of the renewal documentation. Mr A says he wasn't prompted to confirm or update motoring offences. But I'm satisfied the documentation prompted him to check the content and update where necessary. It's also clear about the potential consequences of not doing so. Finally, the documentation presents motoring convictions, fixed penalties endorsements etc as something Covea wanted to know about.

Mr A was aware of the SP30. The September 2024 renewal documentation didn't include details of it. I consider a reasonable consumer would have understood, from the information provided, the need to inform Covea of it. So, it's fair to say Mr A failed, when not doing so, to take reasonable care not to make a misrepresentation.

The failure to declare the SP30, according to Mr A, was unintentional. I accept that. Covea isn't claiming it was a deliberate misrepresentation. Instead, it's treating the matter as a careless one. For the reasons I've set out I consider that a fair position.

Covea also needs to show the misrepresentation made a difference to the cover or terms offered. I'm satisfied, based on what I've seen, that Covea would still have offered cover – but would have charged a higher premium had the SP30 been declared. So, as the misrepresentation did make a difference, there's a qualifying misrepresentation.

In these circumstances CIDRA allows insurers to reduce proportionally the amount to be paid on a claim. Covea has provided evidence that Mr A paid around 88% of the correct premium. So, settling the claim on a 90% proportionate basis is reasonable.

Mr A considers a deduction of 10% (more than £1,000) of the car's value to be disproportionate when the additional premium would have been around £72. He's asked for Covea to instead be required to charge him the shortfall in premium and settle the claim in full. I'm not going to require it to do that. I'm satisfied it applied the relevant legislation, CIDRA, in a fair and reasonable way - choosing to follow the proportionate settlement remedy. I consider that a fair response to his careless misrepresentation.

Finally, Mr A said Covea's failure to issue a response to his concerns about the settlement within reasonable time caused confusion and frustration. I'm not persuaded any failing by Covea on this point was responsible for any significant impact on him. So, I'm not going to require it to pay any compensation or to do anything differently.

My final decision

For the reasons given above, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 January 2026.

Daniel Martin
Ombudsman