

The complaint

Mr M and Miss W complain that First Central Underwriting Limited (First Central) unfairly declined a claim under their motor insurance policy.

What happened

The circumstances of this case are well known to both parties, but in summary Mr M and Miss W have a motor insurance policy underwritten by First Central. In May 2025, Miss W was involved in a road traffic accident and so Mr M and Miss W raised a claim under their policy. First Central didn't accept the claim as it discovered Miss W had used the car to commute to her workplace, but the policy only provided cover for "Social, Domestic and Pleasure" purposes. Unhappy with First Central's decision, Mr M and Miss W complained.

First Central didn't uphold the complaint. It said it was satisfied it had fairly declined the claim due to the limitations of cover but offered Mr M and Miss W the option to add commuting cover for the remainder of the policy term and would waive the administration cost in doing so. As Mr M and Miss W were unhappy with First Central's response, they referred their complaint to this Service.

Upon referral of the complaint, First Central informed this Service that it wanted to proactively settle the complaint, as it had identified service issues at the outset of the claim. So, it offered Mr M and Miss W £250 in recognition of this. Mr M and Miss W declined the offer and wanted First Central to instead pay the claim.

Our Investigator upheld the complaint. They said Mr M and Miss W made a qualifying misrepresentation when the policy renewed in August 2024, and under the relevant laws, should have paid the claim proportionately. They also recommended First Central pay a further £250 to recognise the upset in unfairly declining the claim while Mr M and Miss W were expecting a child. And the decline of the claim contributed to significant upset during a sensitive period.

Mr M and Miss W accepted our Investigator's position, however First Central didn't and asked for an Ombudsman to make a final decision. It disagreed that Mr M and Miss W made a misrepresentation and instead decided that they didn't require commuting cover. But it said if it were considered a misrepresentation, this would fall under the deliberate or reckless category which means it isn't required to accept the claim.

So, the case 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.

Having done so, I uphold this complaint. I'll explain why.

I recognise I have summarised the circumstances of this case in less detail than presented. But I would like to assure both parties that I have carefully considered all submissions made when determining this complaint. I may not comment on each point raised or each piece of evidence provided. Instead, my decision will comment on the issues I consider to be key. This isn't intended as a discourtesy but reflects the informal nature of this Service – and the rules this Service are expected to adhere to enable me to do this.

Was there a misrepresentation?

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 (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 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.

First Central doesn't think CIDRA applies in this case as Mr M and Miss W made the decision not to include commuting cover on their policy at the point of renewal. Mr M and Miss W have said they always thought commuting cover was included under the policy, and they also declared that the insured vehicle was kept at an "office car park" during the day. I've carefully looked at the renewal invitation and subsequent renewal documentation sent to Mr M and Miss W to establish what was explained.

The renewal invitation explained that Mr M and Miss W didn't need to do anything, and their policy would automatically renew. It then went on to set out the cover summary, which I note *didn't* include usage of the vehicle. So, I don't think Mr M and Miss W were reasonably alerted at the time of receipt.

However, upon renewal, Mr M and Miss W received a statement of fact, which confirmed the following information –

Please read the following information carefully. [...] If any information is omitted or is incorrect, please telephone us immediately with the correct information and we will send you a revised Statement of Fact."

Under Section 4, Level of Cover and Class was recorded as "*Comprehensive, Social Domestic & Pleasure Use only, excluding Commuting Use.*"

So, I'm satisfied Mr M and Miss W were clearly asked to check the details on the statement of fact. And I find that they failed to take reasonable care in amending the details under this section – given it clearly set out commuting was excluded. I find that a reasonable consumer would have been reasonably prompted to amend these details. It follows that a misrepresentation occurred, and I find CIDRA does apply. So, I have gone on to consider what impact this misrepresentation had on First Central's ability to offer cover.

Within the file provided to this Service, First Central provided its commercially sensitive underwriting guidance. This isn't information I can share with Mr M or Miss W, but I hope I can provide some assurance that this has been considered independently of both parties.

This underwriting information shows that had First Central known that Mr M and Miss W were using the vehicle to commute to a single place of work, it would have charged a higher premium.

As First Central would have charged a higher premium, I am satisfied Mr M and Miss W's misrepresentation was a qualifying one.

First Central has said Mr M and Miss W's misrepresentation was deliberate or reckless because following the repudiation of the claim, First Central asked Mr M and Miss W whether they wished to add commuting cover for the remaining policy year but chose not to do so. I don't agree that this suggests Mr M and Miss W made a deliberate misrepresentation given Mr M and Miss W explained they didn't have a replacement vehicle to amend the cover for.

The onus is on First Central to show Mr M and Miss W deliberately or recklessly misrepresented. And I haven't been provided with any persuasive evidence to demonstrate this is the case. I'm also mindful that First Central decided to continue cover which doesn't suggest it felt Mr M and Miss W had misrepresented deliberately or recklessly at the time of claim.

On balance, and having not been provided anything to suggest otherwise, I find it fair and reasonable to consider the misrepresentation as careless. So, I've looked at the actions First Central can take in accordance with CIDRA. Under the circumstances, the relevant remedy available to First Central is to pay the claim proportionately.

First Central hasn't done this here and instead declined Mr M and Miss W's claim. As this isn't consistent with the applicable remedy under CIDRA, I find that First Central hasn't acted fairly by declining the claim. I therefore direct it to pay the claim proportionately in line with CIDRA, and in line with the remaining terms of the policy.

Claim Handling

First Central acknowledged that there were service issues when it was originally notified of the claim as it failed to fairly communicate with her. Due to this it has offered Mr M and Miss W £250 – which I don't find to be unreasonable in the circumstances.

That being said, I agree with our Investigator that First Central's decision to decline the claim would have understandably caused Mr M and Miss W significant worry and distress at an important time in their lives given they were expecting a child.

Mr M and Miss W have also explained that due to their claim being declined, their ability to get to and from their employment has been impacted as they were unable to arrange a replacement car. This would've added frustration and inconvenience at what was understandably a worrying time.

So, in light of the impact of First Central's response to the claim, I will be directing First Central to pay Mr M and Miss W a further £250, which I consider fair and proportionate in the circumstances.

My final decision

My final decision is that I uphold this complaint and direct First Central Underwriting Limited to

- Pay Mr M and Miss W's claim proportionately, as required under CIDRA, and in line

with the remaining terms of the policy.

- Pay Mr M and Miss W £500 – which includes the £250 offered to date plus a further £250 to recognise the distress and inconvenience caused by its claim handling.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Miss W to accept or reject my decision before 13 February 2026.

Oliver Collins
Ombudsman