

## The complaint

Mr A complains Watford Insurance Company Europe Limited (Watford) unfairly avoided his motor insurance policy and declined a claim.

## What happened

Mr A purchased the policy online through a comparison website in May 2024.

In November 2024 Mr A submitted a vandalism claim on his policy and then a couple of days later he made a further claim for fire damage to his vehicle. After the loss, Mr A changed the vehicle on his policy and paid an additional premium.

Watford decided not to pay his claim and cancelled his insurance policy because he gave it incorrect information when he told them he was the registered keeper and legal owner of the car when he wasn't. Mr A's family member was the registered owner of the car and says he gifted Mr A the car when he passed his driving test in May 2024. Mr A's family member provided Watford with a letter confirming this. He explained he had forgotten to change the name on the V5C document due to his business, family and caring commitments.

Watford said this was a misrepresentation under the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). Watford said it thought Mr A had made the misrepresentation recklessly. It said it wouldn't have entered into the contract with Mr A had it known Mr A wasn't the registered keeper of the car. So it cancelled the policy, declined to pay the claims and kept the annual premiums.

Mr A wasn't happy and complained to Watford, but it maintained its position. So Mr A referred his complaint to this Service.

Our investigator upheld the complaint and said she didn't think there had been any misrepresentation when Mr A applied for the policy as he answered the question correctly about ownership of the vehicle. She said as there was no clearly defined expectation of when the transfer of ownership must be completed, it wasn't reasonable for Watford to cancel Mr A's claim policy, decline his claim, or continue to pursue him for the remaining balance on the premium finance agreement. She recommended Watford should reconsider Mr A's claim, remove any cancellation / voidance markers and pay him £600 for the distress and inconvenience caused.

Mr A accepted the investigator's assessment, but Watford didn't agree, so the complaint has been passed to me.

I issued a provisional decision to uphold Mr A's complaint as follows: -

*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 comment on every piece of evidence Mr A and Watford have provided. Instead, I've focused on those I*

*consider to be key or central to the issue in dispute. But I would like to reassure both parties I have considered everything submitted. And having done so, I'm upholding this complaint.*

*I'll explain why.*

*The relevant law in this case is 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 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.*

*Watford thinks Mr A failed to take reasonable care not to make a misrepresentation when he answered the question about the ownership and registered keeper of the car.*

*I have considered the relevant question Mr A was asked:*

*"Are you (or will you be) the registered keeper and legal owner?"*

*How can I find out who this is?*

*If your car is financed or leased, you can check the agreement to confirm who the legal owner and registered keeper is. If you bought the car or if the ownership was transferred to you (for example if the car was a gift) then you will also be the legal owner."*

*Mr A answered "yes" to this question. But Watford say he should've answered "no", as the V5C document wasn't registered in his name.*

*Having considered the circumstances, I'm persuaded Mr A thought he would become the registered keeper and legal owner as he had been gifted the car. Given this, I don't think it's unreasonable for Mr A to have assumed he would be the legal owner of the car, and that his family member was going to transfer the registration to him. In addition, the question doesn't prompt a time within which Mr A should become the registered keeper and legal owner. Mr A's family member has confirmed in a statement it was due to an oversight on their part the transfer wasn't made. I think it's likely any reasonable person would have made similar assumptions as Mr A did in the circumstances.*

*Given this, I don't think it was fair for Watford to say Mr A failed to take reasonable care to not make a misrepresentation. It follows, therefore, that I think it was unfair for Watford to have cancelled Mr A's insurance policy.*

*In addition to the above, I've also noted that it seems Watford didn't actually avoid the insurance policy but cancelled it after giving seven days notice – i.e. didn't cancel the policy back to inception. As such the policy would still have been live at the time of the incidents. So, I think the complaint should be upheld and the claim reassessed, in addition, Mr A has paid for a new policy that he shouldn't have needed to do had Watford not cancelled his policy. So Watford needs to compensate him for the time lost on his original policy.*

*I think the decision to cancel Mr A's policy and not meet his claim understandably caused him a considerable amount of distress and inconvenience. I note the investigator has explained the impact it has had on him. Mr A said he was extremely worried about the financial pressures of having lost his car due to vandalism and the policy being cancelled. Mr A also said the cancellation impacted his job, as his employer was unable to insure him on the company van due to the cancellation of his policy. I understand Mr A would have been very worried over a long period of time.*

*Our investigator recommended £600 for the distress and inconvenience Mr A suffered. I've considered what happened, and I think the overall level of distress and inconvenience Mr A experienced was significant. I think this must have been extremely worrying time for him as well as the impact of the cancellation of the policy on his employment. I'm satisfied £600 is in line with what I would have awarded.*

### **My provisional decision**

*For the reasons I've set out above, subject to either party providing me with further information, I intend to uphold this complaint and require Watford Insurance Company Europe Limited to do the following:*

- *Reassess Mr A's claim in line with the remaining policy terms.*
- *Mr A's policy commenced on 5 May 2025 and was cancelled on 4 December 2024. So he lost 150 days on the original policy, by having to take out a new policy, which he wouldn't have had to, had Watford not cancelled the insurance policy. So I think Watford should refund 150 days of the new policy premium. Mr A has provided the cost of the new policy £1618.16. So, Watford should pay £664.99 to compensate him for the amount he paid on the new policy that he shouldn't have needed to.*
- *Remove any record of cancellation / avoidance of this policy from internal and external databases.*
- *Mr A with a letter confirming the removal of the cancellation/avoidance.*
- *Pay Mr A £600 compensation for the distress and inconvenience caused by avoiding the policy and not dealing with the claim*

### **Responses to my provisional decision**

I invited both Mr A and Watford to respond to my provisional decision. Mr A accepted my provisional decision. Watford haven't responded.

### **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.

Mr A accepted my provisional decision, Watford have not responded with further submissions or comments in relation to my provisional decision.

In the circumstances, I've received no further evidence which persuades me to alter the provisional decision. I'm therefore satisfied that the provisional decision provided a fair and reasonable outcome to Mr A's complaint, and this is reflected in the final decision.

### **My final decision**

For the reasons given above, I uphold Mr A's complaint, and I require Watford Insurance Company Europe Limited to do the following in response to his complaint:

- Reassess Mr A's claim in line with the remaining policy terms.
- Mr A's policy commenced on 5 May 2025 and was cancelled on 4 December 2024. So he lost 150 days on the original policy, by having to take out a new policy, which he wouldn't have had to, had Watford not cancelled the insurance policy. So I think Watford should refund 150 days of the new policy premium. Mr A has provided the cost of the new policy £1,618.16. So, Watford should pay £664.99 to compensate him for the amount he paid on the new policy that he shouldn't have needed to.
- Remove any record of cancellation / avoidance of this policy from internal and external databases.
- Mr A with a letter confirming the removal of the cancellation/avoidance.
- Pay Mr A £600 compensation for the distress and inconvenience caused by avoiding the policy and not dealing with the claim

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 January 2026.

Lorraine Ball  
**Ombudsman**