

## The complaint

Mrs N is unhappy that Wakam declined a claim she made on her motor insurance policy and cancelled the policy.

Mrs N's policy is branded in the name of the insurance intermediary which administers it. And it is the intermediary which Mrs N has been dealing with directly. The intermediary was acting as Wakam's agent when considering the claim and cancelling the policy, so for ease of reading I've only referred to Wakam within this decision.

## What happened

Mrs N made a claim because of a technical fault with her car.

Wakam reviewed the claim but ultimately declined it and cancelled her policy based on the type of licence she was using. At first, they said it was because she was driving on a provisional licence. But then changed their stance, saying it was because at the time of the claim she was driving on a licence issued in another country that was no longer valid in the UK.

Wakam had also said Mrs N would be pursued for costs (which turned out to be the remainder of her premium) and said that she may be referred to fraud agencies.

Mrs N says she was driving legally on a valid international licence from a designated country – and was well within the UK Government's 5-year exchange period.

She said the provisional licence she applied for was submitted after the incident and has no legal bearing on the situation. And that Wakam accepted her original licence when she took out the policy and failed to raise any concerns about it at the time. She said when Wakam told her that she was driving on a licence that wasn't valid, she mistakenly applied for a UK provisional licence instead of a full licence. And she made the mistake because she was under pressure from Wakam.

Mrs N complained to Wakam as she didn't think their decision to decline the claim and cancel the policy was fair.

Wakam sent two responses to the complaint, the latter saying:

- She arrived in the UK in 2022 and her driving licence expired in November 2023.
- The incident she claimed for happened in December 2024, over a year after the international licence expired.
- There was no evidence of a valid licence at the time of the incident.
- The UK provisional licence she later obtained in January 2025 was issued after the claim event and didn't affect her licence status at the time of loss.
- They incorrectly said they declined the claim due to driving alone on a provisional licence but the correct and primary reason for taking the action they did was driving without a valid licence at all at the time of the incident.
- It's the policyholder's responsibility to ensure the licence remains valid and update

- Wakam accordingly.
- Wakam might claim costs from Mrs N.

Mrs N was unhappy with this response and complained to our Service. She told us she wants Wakam to pay her claim; not pursue her for any costs; ensure there are no fraud markers against her and not make referrals to any fraud agencies; and pay £1,500 in compensation.

Our Investigator partially upheld the complaint. She said that Mrs N misrepresented when she renewed the policy because her international licence had been expired for almost a year and Wakam weren't updated that she no longer held a valid licence. She also said there were terms in the policy that applied which allowed Wakam to decline the claim and cancel the policy.

She didn't, however, think it was fair for Wakam to pursue Mrs N for the remaining premiums as that would only be applicable if she missed payments or if Wakam paid out on any claim. So, she asked them to confirm they wouldn't be pursuing Mrs N for the premiums or any other costs and confirm to her that they wouldn't be recording what happened as fraud. The Investigator also asked Wakam to pay compensation for unclear and misleading information causing undue distress.

Wakam agreed with what the Investigator asked, and said they'd no longer pursue Mrs N for the remaining premiums and confirmed they wouldn't record what Mrs N did as fraud.

Mrs N didn't agree. She said:

- Her non-UK licence was still valid and that licenses from there don't operate in the same way UK licences do. The driving entitlement itself doesn't expire unless it's revoked by authorities and the expiry date reflects only the validity of the card as an identification document, not of her legal ability to drive. The actual card itself had expired in November 2023, but her driving entitlement remained valid.
- DVLA accepted this licence as valid for exchange, which they wouldn't have done if it didn't meet the legal standards required under UK law. And they recognised that despite the card expiry, Mrs N still had a valid right to drive.
- If Wakam had an issue with her licence, they should have raised this earlier rather than when she raised a claim.
- She answered all questions truthfully and there wasn't any misrepresentation.

The complaint couldn't be resolved, so it was passed to me to decide. I wrote a provisional decision upholding the complaint. This is what I wrote:

*Wakam said to Mrs N at first that she didn't take reasonable care to provide all information about her licence, but they later said that they're not relying on the law related to making a misrepresentation (The Consumer Insurance (Disclosure and Representations) Act 2012 or 'CIDRA') to take action because she didn't make a qualifying misrepresentation.*

*Having looked at what happened, I agree with Wakam that they didn't rely on CIDRA, so I don't need to make a finding on it. Instead Wakam have relied on certain policy terms and conditions to decline Mrs N's claim and cancel her policy.*

*The Financial Conduct Authority ('FCA') set out rules and guidance in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS provides that insurers must not unreasonably reject a claim. And that the rejection of a claim for breach of a condition or warranty is unreasonable unless the circumstances of the claim are connected to the breach.*

*The Insurance Act 2015 also says that an insurer may not rely on non-compliance with a term to exclude its liability if the insured shows that the non-compliance with the term couldn't have increased the risk of the loss which actually occurred in the circumstances in which it occurred.*

*So, it is clear from the rules and legislation that a claim can't be rejected simply because there has been a breach of a policy term. With these rules in mind, I've thought carefully about what happened to decide whether Mrs N has been treated fairly.*

*The policy says that it doesn't cover any liability, loss or damage arising in relation to the insured vehicle being driven other than in compliance with UK law. The onus is on Wakam to prove this exclusion applies. They've said it does because the policy cannot respond to any claim made while the insured vehicle was being driven by someone without a valid licence.*

*I've considered whether it's reasonable for Wakam to conclude:*

- *Driving without a valid licence means Mrs N's car was being driven other than in compliance with UK law. And if it is,*
- *Mrs N was driving without a valid licence. And if she was,*
- *Whether it's fair in reasonable in the circumstances to rely on the exclusion to decline the claim.*

*There's no dispute that Mrs N's non-UK licence is from a 'designated country' – and the UK Government website confirms this. As the Investigator pointed out, someone from a designated country can drive in Great Britain on their full, valid driving licence for 12 months from when they become a resident. So, a reasonable interpretation of the law would be Mrs N's non-UK licence was valid from when she arrived for 12 months. Mrs N continued to drive on that licence after 12 months, so I'm satisfied it's reasonable for Wakam to say she was driving her car other than in compliance with UK law and that her licence wasn't valid in the UK at the time of the claim.*

*I accept Mrs N's statements about her non-UK licence not being expired when the incident happened. But whether the licence itself would be accepted in the country the non-UK licence was issued in or internationally is separate to whether she was legally able to use it after 12 months in the UK – which she wasn't.*

*In thinking about whether it was fair and reasonable to rely on the exclusion in the circumstances, I've considered the excerpts from Wakam's underwriting information that they've helpfully sent us. These have helped me understand what they can and would usually do in situations like Mrs N's. I hope Mrs N appreciates we can't share this with her as it's commercially sensitive.*

*I've seen that Wakam's position is:*

- *If a policyholder is using their valid licence from another country, but 12 months have passed since they've been in the country during the policy term, the policy can still remain active under the assumption that the policyholder isn't driving other than in accordance with UK law.*
- *If it's discovered at the point of claim that someone has been driving on an expired international licence, Wakam may exercise discretion to assess paying a claim if that policyholder is a UK resident.*
- *People in Mrs N's position should be contacted before renewal to confirm they now have a valid full UK licence.*

*According to Wakam's own guidance, they should be contacting policyholders who are in a*

*situation similar to Mrs N before renewal. This sounds reasonable as it would help prevent situations where valid licences expire unwittingly.*

*I can't see that Wakam contacted Mrs N to confirm she had a valid full UK licence upon renewal. Instead, the Statement of Fact relayed to Mrs N that she held a foreign licence but didn't show that wasn't something that would be of concern to Wakam. The renewal policy schedule also lets her know that she doesn't need to do anything other than check her details on the policy documents, without mentioning Mrs N's foreign licence.*

*Mrs N has admitted she overlooked the fact that she needed to exchange her licence for a UK one. And she's well within the timeframe to be able to do so. There was no barrier to her doing this and, despite an error in applying for a provisional licence instead of a full one, she had confirmation from the DVLA at the time of coming to our Service that there wouldn't be any barriers to the process.*

*However, had Wakam followed their own procedures by checking with Mrs N about her licence on renewal, I'm persuaded Mrs N would have likely responded by getting her UK licence at that time, preventing the situation that led to the breach. She's taken the steps to get her UK licence since, which supports this.*

*In addition, Wakam haven't suggested that, other than the issue with her licence, there was anything about the way she was driving that wasn't in accordance with UK law. Which means in situations like Mrs N's, Wakam have the discretion to assess the claim in line with the remaining terms of the policy. There's no sign Wakam even considered the possibility of using their discretion their own guidance allows. Which I find unreasonable.*

*Mrs N made a claim about a technical fault. I haven't seen the full details of this claim, but Wakam haven't suggested that what happened was in any way related to Mrs N needing to exchange her licence. Since they haven't shown the details of the claim are related to the breach, I think they should have used their discretion to assess the claim.*

*On considering the above, although I agree with Wakam that, strictly, the policy exclusion they've relied on applies, I don't agree with them that the policy can't respond to any claim made while the insured vehicle was being driven by someone without a valid licence. This is because I think the situation would have been prevented had they contacted Mrs N on renewal, and I'm not satisfied Mrs N's breach in any way affected the outcome of the claim. So, I don't think it's fair and reasonable to decline the claim based on the exclusion they've used – and they should have gone on to consider the claim.*

*The policy says Wakam can cancel the policy where there's a valid reason for doing so, and I'm not going to ask them to reinstate it. But the policy also says they can give seven days' notice when cancelling a policy. Wakam cancelled Mrs N's policy immediately. I don't think this was fair – Wakam had some responsibility here by not following their own procedures. And Mrs N didn't act in bad faith – she just made an oversight. So, in light of the circumstances, I would have expected Wakam to give Mrs N the opportunity to cancel the policy herself. This would mean she doesn't need to answer yes to any future insurer who asks if an insurer has ever cancelled or voided her policy.*

*Mrs N says she lost the use of her vehicle which affected her ability to manage daily responsibilities and caused additional transport costs because of Wakam's actions. But it's unclear whether Wakam were responsible for any loss of use because I'm only asking them to reconsider the claim in line with the other policy terms, not pay the claim.*

*Reading through the correspondence to Mrs N, I do think Wakam have been unclear throughout the claims process on reasons for declining the claim and cancelling her policy.*

*And I don't find any of the explanations for declining the claim reasonable in the circumstances based on what I've seen. This will have been confusing and distressing for Mrs N. But I also think that Mrs N had some responsibility in keeping up-to-date with what her licence requires. I'm not absolving her of this responsibility, and I think the £150 Wakam have agreed to is an appropriate amount of compensation in the circumstances. They should pay this to Mrs N if they haven't done so already.*

Mrs N agreed with my provisional decision, saying she has nothing to add. Wakam didn't reply.

### **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 haven't been given any new information to consider from either party, so I see no reason to depart from the findings I reached in my provisional decision. I remain of the view that Mrs N's complaint should be upheld for the reasons I set out in my provisional decision. And I've said what I think Wakam should do to put things right below.

### **My final decision**

I uphold this complaint and direct Wakam to:

- Reconsider the claim in line with remaining terms and conditions of the policy – without relying on the exclusion about complying with UK law.
- Remove any record of Wakam cancelling the policy from internal or external databases.
- Write Mrs N a letter saying that they didn't cancel her policy and that acknowledges she cancelled the policy seven days after the claim was made.
- Pay Mrs N £150 compensation if they haven't done already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 12 January 2026.

Andrew Wakatsuki-Robinson  
**Ombudsman**