

## **The complaint**

C complains that U K Insurance Limited trading as NIG has unfairly voided its policy and repudiated a claim made for damage following an escape of water.

## **What happened**

Following a claim made on its policy by C, UKI said its director, Mr C, had failed to answer some questions at inception correctly. It asked for additional information about why the questions were answered as they were. On 11 December 2024, it wrote to Mr C to explain the policy was being voided and treated as though this had never been in place. It agreed to provide a refund of the premiums paid and said this would follow in due course.

UKI said this decision was taken because Mr C had a duty to make a fair presentation of the risk under the Insurance Act 2015. It felt information had been provided which was untrue or misleading and had it been aware of the true position, it would not have provided a policy to C under any terms. This related to the performance of a previous companies Mr C was a director off and the financial position of these.

Our investigator looked at this complaint and initially didn't think UKI had demonstrated it had been fair to apply the remedy under the Insurance Act as UKI hadn't provided evidence of the issues with the previous company's financial position.

UKI provided details of County Court Judgements (CCJs) registered against one of the previous companies Mr C was a director of (Company B) and our investigator looked at the complaint again. They said they believed C and Mr C as its director to be a small business owner with a relatively small turnover. Mr C had explained his circumstances in great detail and the investigator believed this to be persuasive and together with the size of the business, felt it was right to apply an approach more aligned to the Consumer Insurance Disclosures Representations Act 2012 (CIDRA).

They said CIDRA sets out that if the 'average consumer' took reasonable actions not to misrepresent themselves, it would be unreasonable to apply an outcome under CIDRA as no misrepresentation has taken place.

Based on Mr C's relationship with Company B, the background checks completed by his broker when taking out the insurance for C and Mr C's testimony on what happened, they didn't believe Mr C had any knowledge of the previous CCJ's for Company B. Because of this, they felt reasonable actions had been taken not to mis-represent and it would be unfair to apply the Insurance Act 2015, as had been done by UKI.

They recommended that UKI reinstate the policies held by Mr C and any companies associated and remove any markers applied against him or his companies. They also said UKI should consider any claims for consequential loss that C had suffered and could be evidenced.

UKI disagreed with the outcome and asked that the complaint be referred for decision.

I issued a provisional decision on this complaint on 21 November 2025 and explained I was planning on reaching a different outcome to our investigator. I've copied what I said below:

*"I'm planning on not upholding this complaint as I don't think UKI has acted unfairly. This is based on the actions it has taken with C's policy following the claim made and what was discovered during its validation checks.*

*Mr C, on behalf of C has set out a great deal of information about this complaint and the issues he's faced with UKI. I am grateful for this but have not commented on everything raised. This is because I've focused on what is relevant to the outcome and whether UKI acted unfairly. But everything provided has been considered.*

*I appreciate our investigator has set out why they feel it would be right to apply the principles of CIDRA on a fair and reasonable basis. But I don't agree this is something it would be right to do. The eligible complainant and customer of UKI is C. It is a limited liability company with its own separate legal identity. It is the beneficiary of the relationship with UKI and any claim being accepted or paid and it would not be reasonable to treat it as a consumer and apply CIDRA, regardless of whether the turnover is considered to be modest or not.*

*It follows that the relevant law here and whether UKI has acted fairly in application of this and the remedies available is, the Insurance Act 2015.*

*When considering if UKI has applied the Insurance Act fairly, the first thing that needs to be confirmed is whether there was a misrepresentation.*

*UKI has said C and its director, Mr C made a misrepresentation when the application for insurance was made. This relates to questions within the statement of fact being answered incorrectly from the inception of the first policy in 2021, through until renewal for the period of time relevant to the claim in April 2024. The statements UKI said C answered incorrectly are:*

*"Neither you, the Proposer, directors or partners of the Trade of Business or its Subsidiary Companies, either personally or in any business capacity:*

*Have been subject of an individual voluntary arrangement with creditors, voluntary liquidation, a winding up or administration order, or administrative receivership proceedings within the last 10 years."*

*Mr C, as the director of C agreed to this statement. He also answered "no" to the following questions:*

*Has any proposer, director or partner of the Trade or Business or its Subsidiary Companies ever, either personally or in any business capacity been declared bankrupt or insolvent or been the subject of bankruptcy or insolvency proceedings?*

*Has any proposer, director or partner of the Trade or Business or its Subsidiary Companies ever, either personally or in any business capacity been the owner or director of, or partner in, any business, company or partnership had a county court judgement awarded against them."*

*UKI has demonstrated that Company B, where Mr C was previously a director until June 2022, had four CCJ's awarded against it with the last of these being awarded on 21 February 2020. There was also a notice of voluntary liquidation made for this business around the same time.*

*Based on the answers to the statements, given by Mr C as the director of C and what has*

*been shown by UKI, I am satisfied there was a misrepresentation made.*

*The Insurance Act 2015 places a duty on C and its directors, to make a fair presentation of the risk. This places an obligation on them to disclose everything they know, or ought to know, that would influence the insurers judgement about the risk. Or enough information to put the insurer on notice that it needs to make further enquiries about the potentially material circumstances.*

*Mr C has been very clear about his relationship with Company B and how this had broken down prior to 2020. He has provided documents to support this and how he left the business and I am persuaded it is unlikely he had much control within the business from this point. He has also explained how, when making the application for the insurance with his broker, no concerns were raised about C.*

*However, I need to determine whether I think he knew or ought to know about Company B when answering the questions he did within the statement of fact. The Insurance Act 2015 says, a policyholder ought to know what should reasonably have been revealed by a reasonable search of information available to them.*

*Mr C has said he had little access to the accounts for Company B and would not have been reasonably able to identify any issues with it. I accept from a control perspective, it's likely he was unable to access information. But Mr C has provided emails from June and August 2020 which show discussions were taking place for the sale of his shares within Company B and the value of his shareholding. This was all linked to his departure of the company and I think it is reasonable that Mr C would have looked to seek information to support the value of Company B and his shareholding within it.*

*Limited companies are subject to the filing requirements of a limited company and documents were available online. A reasonable search of information could have revealed to Mr C that company B appointed a voluntary liquidator in March 2020. And his confirmation of the statement within the statement of fact being correct, was a misrepresentation on this point.*

*Taking this into account, I am not persuaded that Mr C and C, made a fair presentation of the risk. It failed to disclose everything it knew or ought to know that would influence UKI's decision about the risk and there has been a breach of the duty.*

*This breach will be a qualifying breach if it can be shown that, had there been a fair presentation of the risk, UKI would have acted differently.*

*UKI has shown this is the case, had Mr C answered the statements and questions differently, explaining companies he was previously a director of had been subject to voluntary liquidation proceedings, it would not have provided the cover on any terms. So this is a qualify breach for the purposes of the Insurance Act 2015.*

*UKI has treated this breach as neither deliberate or reckless and with it confirming the policy would not have been provided on any terms had a fair presentation of risk been made, C is entitled to a refund of the premiums paid.*

*UKI has provided C with a refund of the premiums, doing this in accordance with the remedies available to it under the Insurance Act 2015. And as I am satisfied there was a misrepresentation and a failure in C's duty to provide a fair presentation of the risk. I don't think UKI now needs to do anything else.*

*Overall, I am planning on not upholding this complaint and there is no recommendation to be*

*made on what UKI needs to do now, as it acted fairly when taking the steps it has.”*

UKI did not provide a response to the provisional decision.

Mr C on behalf of C, responded to explain why he didn't think the change in outcome here was fair with a number of points made. He said:

- The emails referred to in my provisional decision showed conversations with Company B – via an appointed third party – to effectively pay off Mr C. So, this supported the position of the company being financially stable and gave no rise for concerns or further confirmation on the company's financial position – contrary to my opinion on this.
- Mr C says when a company is put into liquidation, it cannot service its debts and the liquidator is appointed to pay the creditors. So, when an offer was made to pay him off, this didn't give rise to any concerns about its position. And he was focused on getting something back against the investment he had made in the company and not whether it was a fair amount against the valuation of the company overall.
- Mr C was under the impression he was not part of the company at the time of the liquidation in March 2020 and there was no reason to enquire further on this.
- Credit checks were completed by the broker Mr C used to arrange the insurance and this showed no preexisting director relationships and resignations with Mr C and any other companies. And with no preexisting director relationships shown, there was no sign of a link to a company that had been dissolved.
- Mr C doesn't understand why CIDRA is not being applied. C is a limited company with only one director and one shareholder. To apply the Insurance Act 2015 when the company is effectively one person making all decisions isn't something Mr C feels is fair.
- While Mr C accepts UKI has an acceptance criteria and the previous circumstances of Mr C would fall outside of this, he doesn't think it was fair that only at the point of the claim being presented with its value, that UKI looked to refuse the claim. He feels it is using a technicality to decline the claim and this shouldn't be allowed.

With the deadline having expired and Mr C responding, the complaint has been passed back to me for decision.

### **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 appreciate the time and effort Mr C has put into his response and further submissions. However, I am afraid I've not seen anything to demonstrate that it would be right to depart from my provisional decision. I appreciate with such a significant claim event and the value of this, it will be disappointing. But I will explain why I don't think UKI needs to do anything else now.

Mr C has highlighted the email communications with Company B via the third party and why he says this didn't give him cause for concerns with the company and its financial position. And with him having invested a lot of his own money into Company B previously, he was just keen to get what he could back from it.

I explained previously what I needed to consider when thinking about Mr C and his duty to make a fair presentation of the risk. And while I acknowledge he feels as a limited company with just one director and shareholder, it would be fair to apply the principles of CIDRA, it stands that the Insurance Act 2015 is the relevant law here. And when considering Mr C's knowledge, I said the following:

*I need to determine whether I think he knew or ought to know about Company B when answering the questions he did within the statement of fact. The Insurance Act 2015 says, a policyholder ought to know what should reasonably have been revealed by a reasonable search of information available to them.*

Mr C has said he invested a significant amount of money into Company B. While I accept there would be a focus on getting something back from this, I don't think it is unreasonable to say a search of the company and its finances could have been conducted at this point. It would support whether what was offered was fair and show whether Mr C could have expected more. A reasonable search of information would have provided details on the company and highlighted that there had been a voluntary liquidation application made earlier in the year.

The credit search data provided by Mr C and his broker does show that there was no recorded director appointments or resignations shown for Mr C – beyond his relationship with C. However, this isn't accurate and he could reasonably have expected the search to confirm he was resigned from Company B. Mr C would have been aware the information returned was not correct. And the question to be answered isn't whether the broker made a fair presentation of the risk, but whether C and Mr C did.

Mr C says he assumed he had been removed as a director of Company B after he left and had stopped working for and with the company. But no checks were carried out to confirm if this was the case. I know his previous trust in the other director of Company B was the reason for this, but I still think that a reasonable search of information could have provided clarity on whether he had been removed, and the financial status of Company B. And this was reasonable after the breakdown in the relationship between Mr C and the previous company.

It follows that I remain of the opinion that when the statement of fact questions were answered, as set out above in the provisional decision, Mr C did not make a fair presentation of the risk.

With the claim being a high value claim, it is common that an insurer takes time to validate the claim and this includes confirming whether there is any issues with the cover taken and the information provided at inception. While this will have caused inconvenience and Mr C feels like it has looked to avoid the policy over simply paying it, I cannot say there is an error here.

Overall, I don't think UKI has made an unfair claim decision when it has declined to cover this claim. Nor has it acted unfairly when it voided the policy and returned the premiums to C. It is entitled to do this under the remedies available with the Insurance Act 2015 and for the reasons I've set out, I am satisfied this is because a fair presentation of the risk was not made.

**My final decision**

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 14 January 2026.

Thomas Brissenden  
**Ombudsman**