

The complaint

Mr A complains that AXA Insurance UK Plc (“AXA”) cancelled his policy and wouldn’t pay his claim when it said he’d misrepresented his car’s details when applying for insurance.

What happened

Mr A had a car insurance policy with AXA. He arranged the policy online, using a comparison website.

In May 2025 he was involved in a collision with a third party, causing damage to his car. He contacted AXA and made a claim.

When he discussed the claim with it, he told AXA that the car had a vinyl wrap fitted. AXA told him that he hadn’t declared the modification he’d made. It said it wasn’t able to cover cars with this modification. It rejected his claim, and voided his policy (cancelled it back to the start). It refunded the premium as it thought he’d acted carelessly.

Mr A complained, but AXA didn’t uphold his complaint.

Because he remained unhappy, he brought his complaint to this service. He asks that AXA settle his claim and undo the avoidance of his policy. Our investigator looked into his complaint and thought it wouldn’t be upheld.

Mr A didn’t agree with the view and asked that the case was reviewed by an ombudsman, so it’s been passed to me to make a final decision.

I issued a provisional decision intending to uphold Mr A’s complaint:

In his responses to this service, Mr A has raised a series of points about legal cases and legislation he thinks apply to his case. I’ve read his submissions carefully, but I’m not going to deal with all of the points he’s raised because there’s a particular piece of legislation that deals with this situation.

When a customer misrepresents their details, the relevant law is the Consumer Insurance (Disclosure and Representations) Act 2012 (‘CIDRA’).

CIDRA says a consumer needs to take reasonable care not to make a misrepresentation when taking out an insurance policy.

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.

I've mentioned above that Mr A bought his policy online via a comparison website. I've looked at the questions he was asked when he applied for the policy.

He was asked whether his car had been modified. He answered no, but it's clear from his evidence that his car was modified by the application of a vinyl wrap which changed its colour.

There's help available:

"Modifications are changes to the car's original specification. These can be mechanical, or cosmetic changes inside or outside the car."

The comparison site then asks for the customer to select the type of modification.

Mr A has said that there's no option for "vinyl wrap". Having reviewed the list, I can see there are options that, perhaps, would be suitable. But I think the key point here is that the question includes that "cosmetic changes" need to be declared.

I'm satisfied that this question, and the help provided, is clear and understandable.

I can see from the file that Mr A says he previously discussed the wrap with his former insurance company. That company apparently covered the wrap and didn't consider it a modification. I think this reasonably means Mr A was aware it was a modification.

From the comparison site, Mr A clicked through to AXA's own site. This works in a similar way, but the modifications question includes AXA's list of acceptable modifications. The site says: "Modifications we accept:" and provides a list of those.

I can't see that vinyl wrap is on the list, and I think it's fair I say there's nothing similar in nature. Again, Mr A didn't disclose that his car had been modified on AXA's website.

I've gone on to consider whether Mr A's misrepresentation was a qualifying one. In other words, what would AXA done differently had it received the correct information from Mr A when he applied for the cover.

AXA has provided information from its underwriting manual that shows it would not have offered cover if the modification was a "clear wrap".

From the information I have, the wrap on the car was to change its colour. In other words, it's opaque rather than clear. It seems to me that, if AXA wanted to be clear about it not accepting any wrapped cars (my emphasis), then it should have said so on its acceptance and underwriting rules.

I've also reviewed the list of acceptable and unacceptable modifications sent to this service by AXA, and I can't see there's another item on the lists that would mean that the wrap was specifically unacceptable or not.

I'll also comment that I twice asked AXA for its comments on this and it didn't respond.

What this means is that I don't think Mr A's misrepresentation was a qualifying one under CIDRA, so the outcomes under CIDRA don't apply.

What this means is that I think AXA now needs to deal with Mr A's claim subject to the remaining terms and conditions of the policy, as though his policy was in force.

It also needs to remove records of it voiding his policy from its own records, and any external

databases it's updated. It needs to write to Mr A and confirm it's done this.

Under the terms of the policy, this would usually mean that Mr A has 'used' the policy and would need to pay his premium towards the claim, so it seems fair that the premium is deducted from the claim amount.

I'll also comment that, from the evidence, Mr A has suffered some distress and inconvenience as a result of AXA taking the action it did. But I feel I need to comment that it's clear to me he was aware of the wrap and didn't disclose it to AXA.

I can appreciate his comments that a previous insurer said it didn't affect their assessment of the risk, but I'd point out that Mr A clearly discussed it with that company, and I think it's fair I say he should have done the same with AXA. So, I think he needs to accept some responsibility for his own misrepresentation and distress here and I'm not proposing to award him any compensation for AXA's actions.

Responses to my provisional decision

AXA responded and provided some further details of the sales process Mr A undertook when he bought the policy from it. It didn't comment on the "clear wrap" note in its underwriting manual.

Mr A responded. He stated that he'd bought the policy from the comparison website, without clicking through to AXA's website. He denied being aware that the wrap was a modification and said that AXA wasn't clear that non-standard paintwork meant wrap.

He requested that I amend my final decision to remove any implication he'd acted carelessly. He says he acted reasonably and transparently when he applied for cover.

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.

It's important I say here that I think the evidence shows me that Mr A misrepresented his vehicle when he applied for cover. He was asked about cosmetic changes to it, and he said there were none. But a wrap had been applied which changed the car's colour.

Mr A clearly knew about this and he had discussed it with a previous insurance provider.

That company had apparently told him the wrap wasn't disclosable to it. But that does not mean other companies did not need to know about it. It's Mr A's responsibility to answer questions fully and accurately, and I don't fairly think he did do when he applied to AXA via the comparison website.

He also said he didn't buy the policy from AXA, but from the comparison website. The evidence on file shows this isn't correct.

But, it's this service's long-established approach that we apply the rules under CIDRA in situations like Mr A's. And applying those rules to AXA's underwriting procedures shows me that there's no evidence AXA would have declined to accept Mr A's policy if it had known about the nature of the wrap fitted to his car.

I've mentioned above that this means there wasn't a qualifying misrepresentation.

I'll also point out that, if AXA's rules were laid out differently, then I may have needed to consider whether Mr A's misrepresentation was careless or reckless. I've mentioned above that AXA said it thought Mr A acted 'carelessly', which is a term under CIDRA.

From the file, there's no evidence that Mr A made a qualifying misrepresentation. What this means is that AXA now need to handle his claim in line with the remaining policy terms as though the policy was in force. It also needs to remove details of it cancelling his policy from its own database and any external ones it's updated.

So, it's my final decision that I uphold this complaint. But, as I mentioned in my provisional decision, I'm not going to ask AXA to pay compensation for Mr A's distress and inconvenience.

My final decision

It's my final decision that I uphold this complaint. I require AXA Insurance UK Plc to:

- Settle Mr A's claim on the remaining policy terms as though his policy was in force.
- Remove details of the cancellation from its database and any external databases it's updated, and write to Mr A to confirm this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 February 2026.

Richard Sowden
Ombudsman