

## The complaint

Mr W complains that First Central Underwriting Limited (“First Central”) declined to pay his claim and voided his policy because he hadn’t told it about modifications to his car.

## What happened

Mr W had a motor insurance policy with First Central covering his car. He took out the cover using a comparison website.

In February 2025 his car was damaged in a collision. He contacted First Central and made a claim. First Central looked into what had happened and an engineer inspected his car. It noticed that Mr W’s car appeared to have been modified and Mr W hadn’t told it about those when he’d applied for cover.

First Central rejected Mr W’s claim because of the undisclosed modifications. It voided his policy (cancelled it back to inception) and said it would refund the premiums he’d paid.

He complained to First Central. It said it would pay him £25 because it hadn’t sent Mr W sufficient information when it rejected his claim. But it maintained that it wouldn’t pay his claim.

Mr W brought his complaint to this service. He has had to pay the third-party’s claim, as well as storage and repair costs for his own car. He says this has caused him considerable distress which has affected his mental and physical health.

Our investigator looked into it and thought it would be upheld. She thought Mr W was reasonably unaware of the modifications to his car, so he hadn’t misrepresented to the best of his knowledge. She said First Central should deal with his claim, plus interest at 8% simple where applicable, and adding £200 compensation. She also thought it should remove records of it voiding the policy from internal and external records.

Mr W accepted the view, but First Central didn’t. It carried out desktop research showing the car’s history and that it had been modified at some point between 2019 and 2025. It provided information from social media about Mr W’s apparent interest in cars and motorsport. It said it thought this would give it *“a reasonable expectation that he would understand the visual and mechanical differences between a standard car and one that had been modified”*.

Because First Central didn’t agree, this complaint has been passed to me to make a 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.

At the centre of Mr W’s complaint is First Central’s allegation that Mr W misrepresented that his car was modified.

There's specific legislation dealing with this situation, which is The Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). CIDRA 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.

But the file of evidence shows me that Mr W had chosen his car carefully over a period of six months. When this particular car became available, Mr W says the advert showed the car included a fitted (what may be generally described as a) sports pack. Mr W says he asked the seller whether the car had been modified and was told that it hadn't.

Mr W has said the advert said the car had been supplied from the factory in that specification. He's also supplied a copy of the build specification which says the car was ordered with a particular aerodynamics package. I've searched for this package online, and it says it would include things like: "...*sportier front and rear bumpers, side skirts, and modified air ducting*".

What this would seem to demonstrate is that Mr W bought a car apparently matching the build specification from the manufacturer, which would also seem to reasonably include the type of modifications being referred to by First Central.

But in its rejection of the claim, First Central was able to supply a copy of an advert from 2019 showing the car without the front splitter, side skirts or mirrors it's said are modifications.

That was before Mr W owned the car, and the website First Central used to research the car isn't one that's available to Mr W.

What First Central says is that this advert shows the car was modified between 2019-2025. I'll add that it said it didn't think Mr W had carried out the modifications.

Under CIDRA, if a consumer misrepresents below the standard of a reasonable consumer, then 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.

First Central has shown this service evidence that shows it wouldn't have accepted Mr W's car on cover if it'd known about the modifications.

I've thought carefully about this, but I don't think First Central's rejection of Mr W's claim, and subsequent avoidance of his policy, is fair.

The reason I say this is, as I've talked about above, that Mr W provided evidence that seemingly shows his car was provided with an aerodynamics package from the factory.

This is closely connected to my thought that I don't reasonably think First Central has shown that Mr W was aware that his car was modified under CIDRA. In its objection to the view, First Central carried out research into Mr W. It's provided the file to this service showing that Mr W appears to be a motorsports enthusiast, and I've mentioned above that First Central thinks this is material, because it thinks Mr W's motorsports activities mean he would understand that his car wasn't standard.

But CIDRA talks about the standard of care is that of a reasonable consumer, rather than a motorsports enthusiast.

What this means is I think it's fair I say that an interest, and active participation, in motorsport does not, in my mind, reasonably mean I can fairly conclude that Mr W was, or should have been, aware of different modifications made to his car. And I'm assuming here that the modifications were actually made to the car rather than being factory-fitted. And I think his questions of the seller, and the build specification of the car reinforce this point.

I don't think Mr W's request of the seller is unreasonable and the information he's supplied to this service seems to back up his version of events.

What this means is I don't think Mr W made a qualifying misrepresentation and the outcomes under CIDRA don't apply in this case.

What needs to happen is that First Central now needs to settle Mr W's claim in line with the remaining terms and conditions of the policy as though it was in force. Mr W has already paid out for repairs on his car, and I'll say here he'll need to provide those reasonable, evidenced costs to First Central.

Payments under the claim that are made to Mr W should have interest at 8% simple added, from the date he paid them to the date First Central makes this payment.

I need to point out that, as I'm requiring First Central to settle his claim, Mr W will likely need to pay his premium for the policy period in line with First Central's policy terms. It's my understanding that First Central returned his premium to him, so it's likely that First Central will deduct the premium from the amount it needs to pay him.

However, I feel I need to again point out that I don't think First Central acted fairly in voiding Mr W's policy. So when First Central works out this premium deduction, it's my expectation that the amount of premium First Central can keep will be limited to the pro-rata amount from the start date of his policy to the date he made his claim. In other words, it's not the full annual premium because First Central didn't allow Mr W to be able to 'use' his policy for the full period.

This wasn't part of the view so I'm not going to include it in my decision, but I think it's reasonable that I say here what my expectations would be and I'd expect this service would support Mr W in a further complaint on this point.

If First Central recorded its cancellation of Mr W's policy on any databases, it needs to remove or update these records accordingly. It also needs to write to Mr W and confirm it's done this.

I can see Mr W has suffered distress and inconvenience during his claim. I'm intending to require First Central to pay Mr W a further £200 compensation for his distress and inconvenience in addition to the £25 it's already paid him. I can see Mr W has agreed with this.

Finally, Mr W has talked about the impact of the cancellation on the cost of other policies he has. He should now be able to contact those other insurance companies and tell them what's happened, which may result in some premium adjustments. This service would support his approach.

### **My final decision**

It's my final decision that I uphold this complaint. I require First Central Underwriting Limited to:

- Settle Mr W's claim on the remaining policy terms as though the policy was in force. Interest at 8% simple should be added to amounts it pays to Mr W under the claim, from when Mr W paid them to the date this amount is paid. If First Central considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay Mr W additional compensation of £200 for his distress and inconvenience.
- Update any databases to show Mr W's policy wasn't cancelled by it. Write and tell Mr W it's done this.

First Central Insurance Company Limited must pay the amount within 28 days of the date on which we tell it Mr W accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 February 2026.

Richard Sowden  
**Ombudsman**