

The complaint

Mr M complains that Liverpool Victoria Insurance Company Limited (“LV”) responded unfairly to a claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a car, first registered in 2017.

According to a V5C registration document, a Mr H acquired the car in late May 2023 and was its registered keeper.

Mr M has told us that he and Mr H were business partners and co-directors of a company.

Mr M used a comparison website to insure the car on a comprehensive policy with LV for the year from late May 2025. The policy covered Mr M as policyholder and main user. The policy also covered Mr M’s wife and Mr H as named drivers.

Unfortunately, on 18 June 2025, Mr H was driving the car when it was involved in an accident that damaged the car. Mr M made a claim to LV.

By a letter dated 20 August 2025, LV said that it wouldn’t have insured Mr M if it had known Mr H was the registered keeper. So LV said it was treating the policy as if it never existed and wouldn’t be dealing with the claim. LV also told Mr M the following:

“As we feel you recklessly misled us, we won’t return any premium paid by you.”

LV’s letter dated 20 August 2025 also referred to a question about the main user of the car. However the letter stopped short of saying that Mr M hadn’t been the main user.

Mr M complained to LV that it should pay the claim and continue to provide cover.

By a final response dated 8 September 2025, LV turned down the complaint.

Mr M brought his complaint to us in mid-September 2025.

Our (first) investigator didn’t recommend (on 25 November 2025) that the complaint should be upheld. He thought that LV’s actions were in line with Consumer Insurance (Disclosure and Representations) Act 2012 (“CIDRA”).

Mr M disagreed with the investigator’s opinion. Through his representative, Mr M provided further information.

Our second investigator didn’t recommend (on 19 February 2026) that the complaint should be upheld. She also thought that LV’s actions were in line with CIDRA.

Mr M disagreed with the investigators' opinions. He asked for an ombudsman to review the complaint. Through his representative, Mr M says, in summary, that:

- LV were fully aware at inception that this was a business vehicle purchased with company funds, insured for company use, and operated by the company's directors.
- Mr M is not a native English speaker.
- It was entirely reasonable for Mr M to believe that the precise name appearing on a DVLA keeper document was an administrative detail rather than a material underwriting fact.
- Any underwriting risk associated with Mr H existed irrespective of registered keeper status as he was already disclosed, rated, and accepted as a named driver.
- The policy schedule itself recorded keeper and ownership status as company.
- The claim was progressed, the vehicle was declared a total loss, a specific valuation was issued, bank details were requested, and salvage handling commenced before the policy was later avoided.
- As a direct result of this policy cancellation being recorded, Mr M's insurance premiums have already increased significantly.
- He will have to disclose the cancellation for the rest of his life.
- CIDRA requires proportionate remedies rather than policy avoidance.

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.

CIDRA imposes a duty on a consumer to take reasonable care not to make a misrepresentation to an insurer when taking out a policy.

A consumer breaks that duty if he makes a careless (including reckless or deliberate) misrepresentation.

Under CIDRA, a "qualifying misrepresentation" is a careless misrepresentation that makes a difference to the insurer that it wouldn't otherwise have offered cover either on the same terms or at all.

Where, but for a qualifying misrepresentation, insurer wouldn't have offered cover at all, CIDRA gives the insurer remedies of treating the policy as void and declining any claim.

For a qualifying misrepresentation that was not merely careless but was reckless or deliberate, CIDRA gives the insurer the additional remedy of keeping the premium.

LV has sent us (in confidence as is allowed under the Financial Conduct Authority's dispute resolution rules) extracts from its underwriting guidance. From that, I'm satisfied that if the applicant had said that the registered keeper was someone other than their spouse, civil partner or company, LV wouldn't have offered the applicant a policy.

I accept that Mr M's first language is not English. However, he took out an online-only policy. So I can't say that LV had to make reasonable adjustments for him.

A V5 document is not proof of ownership, but it is proof of the registered keeper.

From evidence from the comparison website, I find that the website asked Mr M whether he was or would be the registered keeper of the car. An explanatory note said that the registered keeper is the person whose name appears in the car's logbook (V5 registration document). I'm satisfied that the question was clear.

From the fact that it was asking him the question, Mr M ought reasonably to have known that the identity of the registered keeper was relevant to the insurer.

From the policy schedule, I find that Mr M answered that the registered keeper was "Company". That wasn't correct. Mr H was the registered keeper.

Mr M's representative has sent documents showing that Mr M spent money on the car. However, they don't show that he thought that he or the company was the registered keeper.

As a director of the company, Mr M ought reasonably to have known that the company's name wasn't on the V5 and that DVLA hadn't sent road tax reminders to the company.

So I don't find that LV treated Mr M unfairly by categorising his misrepresentation as not merely careless and qualifying but reckless in that he didn't care whether it was true or not.

I accept that after the accident in June 2025, it took LV about two months to decline the claim. And in the meantime, LV had taken steps such as collecting the damaged car and assessing it pre-accident value.

Nevertheless, I've been satisfied that, but for the qualifying misrepresentation, LV wouldn't have offered Mr M a policy at all. So I don't conclude that LV treated Mr M unfairly by invoking the remedies under CIDRA of treating the policy as void and declining the claim.

I also don't conclude that LV treated Mr M unfairly by categorising his misrepresentation as reckless and invoking the additional remedy under CIDRA of keeping the premium.

So, notwithstanding the ongoing adverse impact on Mr M, I don't find it fair and reasonable to direct LV to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is not to uphold this complaint. I don't direct Liverpool Victoria Insurance Company Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 April 2026.

Christopher Gilbert

Ombudsman