

The complaint

Miss A complains that Highway Insurance Company Limited (“Highway”) cancelled her policy and wouldn’t refund her premium when it said she’d misrepresented her details when applying for car insurance.

What happened

Miss A had a short-term car insurance policy with Highway. She arranged the policy online via an intermediary.

She took out the policy in late May 2025, and in August she was involved in a collision with a third party. She contacted Highway and made a claim.

Highway investigated her details and thought that Miss A had misrepresented the information she’d given it when applying for insurance. She had made three claims in the previous 12 months, and the most it would accept was one claim.

Highway said it wouldn’t have provided her with cover if it’d known this. It cancelled her policy and wouldn’t pay the claim. It said it regarded her misrepresentation as reckless.

Miss A wasn’t happy about this and brought her complaint to this service. She said she thought Highway’s question was ambiguous and not prominent. She thought the question only related to ‘fault’ claims. She asks for her premium to be refunded.

Our investigator looked into her complaint and thought it would be upheld in part. He thought Highway had acted in accordance with current legislation when it cancelled Miss A’s policy, but he thought Miss A had acted carelessly, rather than recklessly, so she should have her premium refunded.

Highway 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 because I thought Miss A acted recklessly:

I’ll start by saying that both parties seem to agree that Miss A misrepresented her details when she applied for cover. The relevant legislation covering the decision I make is the Consumer Insurance (Disclosure and Representations) Act 2012 (‘CIDRA’).

Because both parties have agreed there was a misrepresentation, I’m not going to deal with all of the details on file in this decision. I’d like to assure Miss A that I have read the complete file even if I don’t mention it here. This is in line with this service’s informal approach.

Having read the file, I’m proposing to not uphold Miss A’s complaint as I think she acted recklessly when she applied for cover.

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.

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 looked at the relevant questions she was asked when taking out the policy. I'll explain further that, although I've referred to it as a 'question', it's actually a statement that requires Miss A to read and confirm compliance before she can continue to purchase the policy.

The question says:

"1. I declare that I and any named driver:

g. Have had no more than 1 claim in the last 3 years, regardless of fault."

Miss A agreed with this by clicking to accept the declarations. She later said she thought it meant 'fault' claims (which she'd had one of in the previous 12 months).

I note Miss A also said she thought the question wasn't prominent. But as she's also said she thought the question was ambiguous, I think it's fair I say that she obviously had seen and read the question.

I've also thought about question itself. I think it's clear, and so I think Miss A failed to take reasonable care not to make a misrepresentation.

I've gone on to consider whether Miss A's misrepresentation was a qualifying one. In other words, what would Highway done differently had it received the correct information from Miss A when she applied for cover. Highway has sent this service information that shows it wouldn't have been able to offer Miss A cover if it'd known the correct information about her claim history.

What this means is that Miss A's misrepresentation was a qualifying one under CIDRA. It follows that I think Highway's action in voiding (cancelling from the start) Miss A's policy and not paying her claim was in line with CIDRA.

What Highway has also done is to retain Miss A's premium. It's done this because it said she was acting recklessly.

CIDRA says:

"A qualifying misrepresentation is deliberate or reckless if the consumer

a. Knew that it was untrue or misleading, or did not care whether or not it was untrue or misleading, and

b. Knew that the matter to which the misrepresentation related was relevant to the insurer, or did not care whether or not it was relevant to the insurer."

Highway also provided information about Miss A's earlier claims history, and from the information I have been given, it seems that there were at least three more claims within the three years period referred to. Each of those three claims was noted on an external shared

database as “No Claims Discount disallowed” which is mostly used when a claim is judged as ‘fault’.

So, even if I agree with Miss A that the question is ambiguous and that it related to ‘fault’ claims, then she would still have needed to reasonably disclose those previous claims.

Highway also said Miss A had previous policies from it, and so she’d reasonably seen the question before.

I’ve thought about this carefully. I don’t think I can fairly say Miss A acted carelessly as I think she had seen the question before and had clearly noticed it when she’d applied for this policy. Otherwise she wouldn’t have been able to say the question was ambiguous in her opinion. So, I think at the very least Miss A didn’t care about whether her answer wasn’t true, and she clearly knew it was relevant to Highway as she’d bought cover from it before.

It follows that I think it’s fair I say she acted recklessly, and accordingly the remedy under CIDRA is that Highway is able to retain her premium.

I’m intending to not uphold this complaint.

Responses to my provisional decision

Highway accepted my provisional decision, but Miss A didn’t respond.

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.

As the parties have either accepted or not provided further information that might change my mind, my final decision and reasoning remains the same as my provisional decision.

My final decision

It’s my final decision that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss A to accept or reject my decision before 29 April 2026.

Richard Sowden
Ombudsman