

complaint

Mr J complains that The National Farmers' Union Mutual Insurance Society Limited ("NFU") declined his car insurance claim, cancelled his insurance policy and retained the premiums he'd paid.

background

Mr J had car insurance with NFU and in October 2016, he asked it to add another car to the existing policy.

In March 2017, the car was stolen and involved in an accident. After investigating the subsequent claim made by Mr J, NFU concluded he wasn't the legal owner of the car. It said it wouldn't have offered the policy if it had known this and so it declined the claim. It also cancelled the policy and, because it concluded Mr J had deliberately given it the wrong information about the ownership of the car, it retained the premiums Mr J had paid.

Mr J complained to NFU about the customer service he'd received and its decision to decline the claim and cancel his policy. NFU maintained its position and so Mr J complained to this service. He said he wasn't asked about whether he owned the car and he didn't receive any paperwork either. He was also unhappy that his insurance premiums have increased since the policy was cancelled.

my provisional decision

was there a 'misrepresentation'?

I explained that in considering whether there'd been a 'misrepresentation', this service will consider whether there was a clear question, the answer that was given and whether the answer was incorrect.

Mr J had said he wasn't asked whether he was the legal owner of the car. NFU said it asked about the ownership of the car when Mr J contacted it to ask for it to be added to the policy. Because there was no available call recording, I had to decide what was most likely to have happened based on the available evidence.

I'd seen a screenshot of the questions that were asked which included '*who is the legal owner of this vehicle?*' and '*who is the registered keeper of this vehicle?*'. There was also a call note which stated Mr J '*confirmed he is the legal owner and registered keeper of the vehicle*'. Based on that information, I was satisfied Mr J was asked a clear question.

Mr J had also said he didn't tell NFU he owned the car, but the screenshot recorded the *proposer/policyholder* as both the registered keeper and owner of the car, which indicated that he told NFU that he did own the car.

The vehicle registration document showed that Mr J didn't register the car and the registered keeper of the vehicle had confirmed that she was the owner. Importantly, there was no evidence that Mr J has ever owned the car. I was satisfied therefore that NFU offered the policy based on incorrect information and so I was satisfied there was a misrepresentation.

Finally, I carefully considered the circumstances of the misrepresentation along with NFU's underwriting guidance and I was satisfied it wouldn't have offered the policy if it had known

Mr J didn't own the car. Consequently, I was satisfied there was a 'qualifying misrepresentation'.

As NFU had shown it wouldn't have offered the policy if it had the correct information, I was satisfied its decision to cancel the policy was fair. The result of the cancellation was that it would be as if the policy never existed and so NFU could fairly refuse to consider the claim. This is because the cancellation of the policy meant that there was no policy in force when the car was stolen.

the premiums

I explained that if we think a consumer deliberately or recklessly gave the insurer incorrect information we might say it's reasonable for it to keep all the premiums. This is because the consumer knowingly gave the insurer the wrong or misleading answer or did not care whether it was wrong or misleading and knew that it was relevant to the insurer or did not care whether or not it was relevant to the insurer.

Following the call, Mr J was sent a letter which stated '*due to insurable interest, the policyholder must be the legal owner or registered keeper of the vehicle. If you are not the legal owner of a vehicle the policy can be set up in the name of the owner*'. Mr J had said he didn't receive the letter and while there was no way to verify whether he did or not, I'd seen a copy of it and I was satisfied it was sent to the correct address.

While I accepted there was a misrepresentation, there was no recording of what was said. Mr J had explained that he has a learning difficulty and I accepted this cast some doubt on whether he had read or understood the content of the letter he was sent. However, because his then girlfriend owned the car and he didn't, the ownership of the car was something he clearly knew about. And, one of NFU's employees had said in a statement that Mr J made comments suggesting he knew the ownership of the car was critical to the insurance of the car.

Because of this, I was satisfied that, even if Mr J didn't deliberately mislead NFU as to the ownership of the car, he acted recklessly when told it that he did. For this reason I was satisfied that NFU's decision to retain the premiums was fair and reasonable. I didn't comment on the other policies that Mr J had with NFU because it had confirmed that because the policy had already lapsed, it didn't have to take any further action in respect of the other vehicles it insured.

Mr J said his premiums increased following the cancellation of his policy by NFU, but I'd concluded its decision to cancel the policy was fair and in those circumstances I couldn't comment on what might have flowed from that. I explained it wasn't unusual for the cost of insurance to increase following the cancellation of insurance in these circumstances, but if Mr J felt his insurance has been priced unfairly, he'd have to complain to his new insurer.

Finally I'd considered the service Mr J received from NFU and I said I hadn't seen any evidence that it fell below a reasonable standard.

developments

Neither NFU nor Mr J have submitted any new evidence or arguments in response to my provisional decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Because neither party has submitted any new evidence or arguments, the findings in my final decision will be the same as the findings in my provisional decision.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 January 2019.

Carolyn Bonnell
ombudsman