

## **complaint**

Mrs and Mr F complain that Tradewise Insurance Company Limited voided their motor insurance policy.

## **background**

Mrs and Mr F took out a commercial motor insurance policy with Tradewise. But it later found out that Mr F had not apparently disclosed some criminal convictions. It says clear questions were asked when the policy was taken out. This non disclosure was therefore a deliberate act of fraud. So it voided the policy from its start and kept the premiums that had been paid. A third party claim has been received. Mrs and Mr F are unhappy with the way Tradewise has handled matters.

Our adjudicator recommended that the complaint should be upheld. In summary she considered that:

- In the original phone call Mr F was asked *“Have you ever received a criminal conviction or do you have anything pending at the moment?”* Mr F answered by disclosing a drink drive conviction which was over five years old. The advisor confirms this does not need to be noted and further asks if there is anything else within the last five years. Mr F answered in the negative.
- Based on Mr F’s initial answer he has understood the question to relate to any motoring convictions. The advisor did not explain in any way that the question also relates to non motoring convictions. Mr F was not asked a clear question about his criminal convictions so no non disclosure took place.
- Consequently Mr F should be provided with a pro rata refund of premiums from the date the policy was voided and the third party claim should be met where required. The notice of voidance should also be removed from all databases and a letter sent to Mr F stating that the policy was voided in error. He should also be paid £200 compensation for the distress and inconvenience caused.

Tradewise accepted that its question should have been clearer. It agreed with the adjudicator’s opinion and to the proposed redress. But Mr F was unhappy with the amount of compensation. He said it is too low. He also wanted to know the amount of the refund of premium.

Tradewise then agreed to increase the award of compensation to £300. It also said that the pro rata refund for the period of time after the policy was voided was £566.68. This was because the policy had been in place and valid from its start to the date it was voided. So, there would be no refund for that period.

Mrs and Mr F remain unhappy with the amount of compensation. They say Mr F’s character has been brought into question. He denies the conviction Tradewise are accusing him of and the newspaper reports it relies on are not about him. The voiding of the policy caused them shock when they learnt of it and considerable inconvenience. He was without use of the vehicle for five days and he wants a full refund of all premiums paid.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Tradewise has accepted the adjudicator's opinion and agreed to the proposed redress. But Mrs and Mr F have not accepted the proposed award of compensation or the premium refund. So I must now consider these two outstanding issues.

The policy should not have been voided. Tradewise has accepted this and agreed to remove reference to the voidance on all databases. This means that the policy was valid and providing cover for the period from the policy's start until the date it was voided. I find that as Mrs and Mr F have had the benefit of the cover in that time Tradewise is entitled to retain the premium for that period - not least as a claim has been made on the policy in that period which it will deal with if required.

I therefore think that a pro rata refund of premium by Tradewise to Mrs and Mr F in the sum of £566.68 is fair and reasonable. But I also consider it should pay simple interest on it from the date the policy was voided until the date of settlement.

I accept that Mrs and primarily Mr F have been caused upset, distress and inconvenience. I also accept that they may have been without the use of their vehicle for a few days until new insurance could be arranged. But taking account of all the circumstances and the level of award we make, I am satisfied that a payment of £300 compensation is fair and reasonable redress for this.

Although I sympathise with the situation Mrs and Mr F found themselves in I cannot reasonably increase the amounts to be paid or refunded to them as they would like.

Overall, I agree with the conclusions reached by our adjudicator for broadly the same reasons and, except for requiring the payment of interest on the refunded premiums, I see no compelling reason to change the proposed outcome in this case.

## **my final decision**

My decision is that I uphold this complaint and I require Tradewise Insurance Company Limited:

1. To remove all references to the voidance of the policy from all internal and external databases;
2. To send a letter to Mrs and Mr F saying that the policy was voided in error;
3. To refund £566.68 to Mrs and Mr F together also with simple interest on it at the rate of 8% a year from the date the policy was voided until settlement; and
4. To pay Mrs and Mr F £300 compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs and Mr F to accept or reject my decision before 1 May 2015.

Stephen Cooper

**ombudsman**