

complaint

Mr C, representing a company B, complains that Tradewise Insurance Company Limited (TICL) has voided his commercial vehicle insurance policy without good reason and didn't give him a refund for the premiums he had already paid.

background

Mr C said that he bought the policy, but it was cancelled and voided by TICL two months later. TICL said it cancelled the policy because it suspected Mr C of producing a fraudulent document in relation to his 'No Claims Bonus' (NCB).

TICL said that Mr C told them he had 5 years NCB – giving him a 45% discount on his policy. They asked him for evidence and he provided them with a letter from his previous insurer. TICL checked with the previous insurer and it said it hadn't sent the letter and the information on the letter was false. TICL said that Mr C had acted fraudulently and voided B's policy. It said it was retaining the premium under the fraud term within B's policy.

The investigator didn't recommend that the complaint be upheld. He said TICL had found evidence that the letter sent by Mr C about his NCB was fraudulent. He said TICL's actions in voiding the policy and retaining the premiums were consistent with the terms of B's insurance policy and were reasonable.

Mr C said TICL had no right to keep all of his premium and he requested an ombudsman review his complaint.

my findings

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

I've looked closely at B's policy and it states, *'If you or anyone acting on your behalf gives us false or inaccurate information and fraud is proven or suspected, all benefits under this policy may be void or cancelled, any claims refused and the full annual premium retained by the Company.'* This forms part of the contract of insurance between B and TICL and is repeated on the 'Statement of Fact' sent to Mr C when he bought the policy.

Mr C said his policy states that consumers will receive a refund of premiums if their policy is cancelled. I disagree. The right of the insurer to void the policy and retain the premium where fraud is proven or suspected is clearly set out in the above term of the policy.

TICL has provided evidence to show it investigated the information on the letter sent to it by Mr C, and said that it was proven to be false. From the information I have seen, I am satisfied that this was a reasonable conclusion for TICL to draw. It follows that TICL acted within the term of the insurance policy by voiding the policy and retaining the premium. I think this was fair in the circumstances.

my final decision

It is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C on behalf of B to accept or reject my decision before 24 April 2017.

Andrew Fraser
ombudsman