

complaint

Mr S complains that Advantage Insurance Company Limited cancelled his motor insurance policy from the start (voided it) and declined his claim for the theft of his bike. He wants it to uphold the policy and pay the claim.

background

Mr S took out his policy online through a comparison site. He put himself down as the bike's registered keeper. The bike was owned by his company but used for personal not business use. Mr S made a claim following the theft of his bike. But Advantage said the bike's registered keeper was Mr S's business, not himself. It said it wouldn't have offered cover if it had known this. So it voided the policy, refunded the premium and declined the claim. Mr S was unhappy with this and with clerical errors in Advantage's handling of his claim.

Our investigator recommended that the complaint should be upheld. She thought Advantage hadn't asked a clear question about who the registered keeper was. So she thought it was unfair to cancel the policy. She thought Advantage should reinstate the policy and deal with the claim. She didn't think Advantage had made any clerical errors that had caused Mr S any loss.

Advantage replied that when he completed the online journey, Mr S was asked to agree to the assumptions. This included whether you were the bike's owner and registered keeper. It also said Mr S hadn't corrected the Statement of Insurance which has him down as the bike's owner and keeper.

my findings

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

Advantage said it voided the policy because the bike's owner and registered keeper, as stated on the registration document, was Mr S's company, of which he is a director. It said the company should have insured the bike under a business contract. It said it didn't offer company bike policies. And it thought the misrepresentation was careless.

Mr S told us he'd bought the bike for business use, but it wasn't needed. He said he hadn't reregistered it to keep the number of owners down and make it more desirable at resale. He said the bike was used purely for social use and it was insured for this. He also said he wasn't asked who the registered keeper was when he took out the policy online.

Mr S said he'd renewed his policy in 2017. He said he was then asked to read and check his Statement of Renewal. This Statement has the Proposer (i.e. Mr S) as the bike's legal owner and includes his father as a named driver. But Advantage said the renewal related to the previous year's policy and Mr S had taken out a new policy online.

Mr S said he'd looked online to compare Advantage's renewal offer with a new policy and he'd inputted some basic information for this. But he said he'd then called Advantage to accept its renewal offer. But Advantage said the previous policy had lapsed and Mr S took out a new policy online. It had no record of the call.

I haven't seen a Statement of Insurance that matches the information included on the Renewal Statement. But I have seen one, provided by Advantage, for the online policy. So I think, on balance, that Mr S did take out a new policy online. And so I'll consider the process he followed in doing this in deciding whether Advantage has acted fairly and reasonably.

Where a complaint arises from non-disclosure of information important to an insurer, we look to see that it asked a clear question when the policy was taken out. We check that the information given would affect whether a policy was offered. And we check whether the informant has acted carelessly or deliberately in making the non-disclosure.

I've looked at the online journey Mr S completed when he bought his policy. After he filled in his personal details on the comparison site, he was asked to tick a box about the use of his personal data and that he agreed to the terms and conditions, assumptions and privacy policy. The sentence included hyperlinks to these three pages. The assumptions page includes a statement that he is the owner and registered keeper of the vehicle.

I don't consider this is a clear question about who is the bike's owner and keeper. I don't think it's reasonable to expect a consumer to have to find this information on a hyperlink that's buried in small text with other information about the privacy policy. I think it should have been sufficiently highlighted to be visible to Mr S.

Mr S was then transferred to Advantage's own site to complete his purchase. He was asked to tick that he'd read Advantage's acceptance criteria and to do this he had to follow a hyperlink. The criteria include a statement that you or your spouse are the bike's owner, registered keeper and main user.

But again, I think it's unfair for Advantage to rely on this as a clear question about the ownership and registered keeper. Again I think that it needed to make this question prominent if it was of importance to it providing cover. I don't think it's sufficient for it to rely on Mr S having followed a hyperlink.

I think Advantage should have asked a clear and visible question about who was the bike's owner and registered keeper. Mr S could then have put in the correct information and then his proposal would have been declined. He could then have found cover elsewhere.

Advantage said the Statement of Insurance from 2017 has Mr S as the bike's legal owner and keeper. Advantage said Mr S was asked to read and check this, but he didn't correct this information. But I don't think it's fair to rely on this. Advantage said the Statement was emailed to Mr S. He didn't recall seeing it. If he had, I think that as the business' director he'd not have thought this was incorrect as he'd not been asked a specific question about it previously.

So I think it was unfair and unreasonable for Advantage to void Mr S's policy. I think under the relevant legislation it should now reinstate the policy on the same terms and consider his claim. I also think that Advantage should remove records of the cancellation and give Mr S a letter saying that the policy was cancelled in error. This is so Mr S won't be penalised in obtaining insurance in the future. This last point was put to Advantage for its comment but it didn't make any response.

I've also considered Mr S's concerns about the clerical errors he's pointed out in Advantage's correspondence. I can understand his frustrations, but I can't see that these caused him any loss. So I don't require Advantage to do anything further about these.

my final decision

My final decision is that I uphold this complaint. I require Advantage Insurance Company Limited to do the following:

1. Reinstate Mr S's policy on the same terms it was originally offered and consider his claim under the policy's terms and conditions.
2. Remove record of the voidance from any databases on which it's been recorded and provide Mr S with a letter saying that the policy was voided in error.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 January 2019.

Phillip Berechree
ombudsman