

## **complaint**

Mrs G complains that QIC Europe Ltd declined her claim after a fire at her house and voided her policy.

## **background**

Mrs G took out her home insurance policy in December 2015 and renewed it in 2016 and 2017. In December 2017, when Mrs G renewed the policy with the broker, she was told that the underwriter had changed. At this point, QIC took over underwriting the policy from another insurer who no longer operate in the UK.

In January 2018, Mrs G made a claim for fire and smoke damage in her property.

The claim was declined – and QIC voided Mrs G's policy and returned her premiums up to the point of her last renewal in December 2017, when they had taken over underwriting the policy. She was told this was because she hadn't disclosed relevant information in her application.

QIC said Mrs G hadn't told them her daughter-in-law, who lived at the property, had County Court Judgements (CCJs) against her within the previous five years. And she hadn't told them the property would be used for business purposes.

Mrs G says she didn't know at the time about her daughter-in-law's CCJs. And her daughter-in-law is not always resident at the property.

Mrs G made a complaint to QIC. They didn't change their decision, so she complained to us. Our investigator looked into it and thought QIC had done nothing wrong. Mrs G disagrees and has asked for an ombudsman to make a final decision.

Mrs G would like her policy reinstated and her claim paid.

## **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 also taken into account the provisions of the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This places a duty on consumers to take reasonable care not to make a misrepresentation when they buy or renew an insurance policy.

This duty has to be looked at in light of all the relevant circumstances. Providing information which is in fact false will not always mean a consumer has failed in their duty to take reasonable care. So, for example, I need to take into account how clear the insurer's questions were and exactly how they were answered.

There are two issues here which led to QIC voiding the policy. Mrs G's live-in daughter-in-law had CCJs that weren't disclosed when she first bought the policy or at subsequent renewals. And Mrs G's daughter-in-law was carrying out business activity from the address.

QIC say that had they known about either or both of these facts they wouldn't have provided Mrs G with the home insurance policy.

### *The CCJs*

When Mrs G bought the policy over the telephone she was asked whether, "...any of the occupants have been served with a County Court Judgement within the last five years?". And she answered, "no".

So I'm satisfied the question Mrs G was asked was clear and specific. And that her answer was unequivocal.

After the purchase – and at each renewal - Mrs G was also sent policy documents and a statement which listed the information Mrs G had given. This included the statement, "None of the occupants have been served with a County Court Judgement within five years", and Mrs G's affirmation, "I agree".

The policy document said, "You must check this information carefully and let [the broker] know immediately if any of the information you have given is incorrect".

The documents were sent to Mrs G electronically. And the covering email also said, "You need to let us know if anything is incorrect... otherwise your insurance over may be invalid."

When she last renewed the policy in December 2017, Mrs G also had a conversation with the broker over the phone. She confirmed that she'd checked and understood the details of the policy. She said that there were no changes that needed to be made and stated, "I've looked at the details on the policy, everything's correct. I've just gone through and everything's right."

So, again, I'm satisfied it was clear what Mrs G had to do. It was clear that she had to disclose any outstanding CCJs. And I'm satisfied Mrs G didn't raise any amendments or changes when she renewed the policy.

In fact, Mrs G's daughter-in-law had been served with two CCJs within the previous five years. So, the information provided by Mrs G was incorrect. The question I have to ask is whether nonetheless she took *reasonable care* not to make this misrepresentation – as she's required to do by CIDRA.

Mrs G has told us that her daughter-in-law wasn't always resident at the property, so might not be regarded as an 'occupant'.

I'm afraid I don't agree. Mrs G signed a statement made to QIC's claims assessors in early 2018, when they were looking into the claim. This said her daughter-in-law had moved in five and a half years previously, had moved out between April 2014 and October 2014, but had otherwise been resident at the property.

She repeated this when she spoke to the business in February 2018 after she queried the decision on her claim.

So, I'm satisfied that Mrs G's daughter-in-law was an occupant of the property when the policy was bought, when it was renewed, and when the claim was made. And I'm satisfied Mrs G would have had in mind that her daughter-in-law was an occupant when she made the application – and when she renewed the policy.

Mrs G says that when she bought and renewed the policy, she was unaware that her daughter in law had CCJs against her. I believe her. I can see why her daughter-in-law might not want to tell Mrs G about the CCJs.

QIC also believe Mrs G. They're not saying she deliberately misled them. But they are saying that she didn't take reasonable care when answering their question about CCJs – and that's why they're declining the claim and voiding the policy.

When Mrs G was asked whether any of the occupants had CCJs, she answered no. QIC tell us that if she'd said she didn't know, or was unsure, they would have asked her to find out. Mrs G was also asked to check the information she'd given and correct any inaccuracies. So she had the opportunity to ask the other occupants to confirm the information she'd given

Mrs G told us that she asked her daughter-in-law whether she had CCJs and was told it was none of her business. She told QIC's agents she didn't ask about CCJs because she felt that the other occupants – including her daughter-in-law – were entitled to their privacy.

In either case, I don't think it's unreasonable or unfair for QIC to conclude that Mrs G didn't take reasonable steps to avoid giving them inaccurate information.

I've seen QIC's underwriting criteria and it's clear that they wouldn't have offered the policy had they known about the CCJs. So, according to CIDRA, QIC are entitled to decline Mrs G's claim and void her policy.

They are dealing with this as a careless misrepresentation rather than deliberate or reckless, which means they're refunding Mrs G's premiums – again, in line with CIDRA. I think this is a fair way to look at the case – and a reasonable outcome.

#### *Use of the property for business purposes*

Bearing in mind what I say above about the CCJs, whether the property was used for business purposes becomes in effect a redundant question. However, for the sake of completeness, I'll set out below what I think.

Mrs G says the property was never used for business purposes, because her daughter-in-law had intended to set up a business, but had been too ill to pursue it.

There is a business registered to her daughter-in-law at Mrs G's address. And QIC say that when the property was inspected after the fire, there was equipment there – a massage table - which suggested the business was operating from there, or at least, that business equipment was stored at the property.

I've not seen enough evidence to satisfy me it's more likely than not that Mrs G's daughter-in-law in fact ran her business from the property. So I don't have any reason to disbelieve Mrs G when she says that the business never operated because of her daughter-in-law's ill health. And if that is the case, I can't conclude that Mrs G made a misrepresentation to QIC when she said the property wasn't used for business purposes.

Nonetheless, as I set out above, the misrepresentation about the CCJs alone is enough to justify QIC's actions in declining the claim and voiding the policy.

**my final decision**

For the reasons set out above, I don't uphold Mrs G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 13 September 2018.

Neil Marshall  
**ombudsman**