

complaint

Miss M complains that Royal & Sun Alliance Insurance Plc (RSA) cancelled her motor insurance policy from the start (voided it). She wants records of the voidance removed.

background

Miss M completed her application for a policy online and then called RSA to complete the purchase. A few days after the policy started, Miss M had an accident. RSA validated the claim and found that Miss M hadn't disclosed a previous claim. It said it wouldn't have offered cover if it had known of this. So it voided the policy, refunded the premium and declined the claim. Miss M said RSA had made a mistake as she hadn't received the policy documents and so she didn't have a chance to correct the error or cancel the policy.

Our investigator didn't recommend that the complaint should be upheld. She thought Miss M had been asked a clear question about previous accidents and claims when she applied for the policy. She saw that RSA wouldn't have offered a policy if Miss M had answered accurately. So she thought it had reasonably voided the policy and refunded the premium. She thought RSA would have acted in the same way if Miss M had cancelled her policy after receiving her documents.

Miss M replied that she was dependent on her car for personal reasons and RSA's decision had impacted on her and others. She thought RSA had made a mistake and this wasn't her fault.

my findings

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

RSA said it voided Miss M's policy because she hadn't disclosed an accident and claim from four years before the policy started.

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.

RSA has shown us the question about previous accidents and claims that Miss M was asked on her online application. I think this is clear. I think this asked about any accidents within the past five years, not three years as Miss M recalled. The website then advised that incorrect information could result in the policy being invalidated.

Miss M said she completed the application online and when she called RSA to complete the purchase, she wasn't asked about accidents or claims in the last five years. But I've listened to the call and I think Miss M was asked clearly if all the information she'd completed on the application was correct. I wouldn't expect RSA to go over every detail as I think it could rely on Miss M completing the form accurately and checking this.

Miss M also said RSA couldn't find her quote. But, having listened to this call, I think it did find the quote she completed and this was then updated for the correct car registration.

Miss M said she didn't receive the policy documents and so couldn't check them. RSA said it sent the documents by email on the same day the policy was purchased. I can see that it was sent to the same address as other emails received by Miss M.

I've listened to the claim notification call Miss M made five days after the policy started and she said she hadn't then received the documents. I can't say why Miss M didn't receive the documents, but I think RSA did send them. In any case, I think RSA would still have acted in the same way if Miss M had contacted it to correct the detail.

So I think RSA asked Miss M a clear question about previous accidents and claims within the previous five years and she answered this incorrectly. RSA has provided us with evidence from its underwriters it wouldn't have provided cover if Miss M had told it about the previous accident.

So I think RSA was entitled under the relevant legislation to void the policy. RSA refunded Miss M's premium, which I think is fair and reasonable as it hasn't shown that the non-disclosure was deliberate or reckless.

So I can't say that RSA has acted unfairly or unreasonably. RSA is obliged under the relevant legislation to record accurate information. So I can't require it to remove records of the voidance.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 6 April 2019.

Phillip Berechree
ombudsman