

complaint

Mrs O has complained that Markerstudy Insurance Company Limited unfairly cancelled her policy and refused to deal with a claim she made under her motor policy. Mrs O made a claim to Markerstudy following the theft of her car.

background

Mrs O bought a short term motor policy with Markerstudy. Her car was later stolen and she made a claim to Markerstudy. It told Mrs O that because she hadn't paid for the policy herself, it specifically excluded cover unless the person named on the policy paid for it. So Markerstudy decided not to deal with Mrs O's claim for the theft of her car and it cancelled her policy as if it never existed (known as 'voidance').

Mrs O was very unhappy about this. She told Markerstudy that her husband was the registered keeper and owner of the car and she had used his card details to pay for the policy. So she felt that she hadn't done anything wrong and Markerstudy had accepted the payment. But Markerstudy said that it had clearly explained that this was a significant exclusion and Mrs O had accepted the terms of the policy, so it had acted correctly in voiding her policy.

Mrs O brought her complaint to us. The adjudicator who investigated it recommended that it should be upheld. He was of the view that although Markerstudy had set out its exclusion if payment for the policy wasn't made by the person named on the policy, its decision was unfair to Mrs O. Whilst Markerstudy said that its reason for this exclusion was due to the rise in 'cash for crash' claims, there wasn't anything in the circumstances of this complaint to justify its decision to void Mrs O's policy. The adjudicator felt that payment being made using her husband's card didn't impact on the possibility of a 'cash for crash' claim being made. So he recommended that Markerstudy do the following:

- Remove all record of the voidance from its internal insurance database and all external insurance databases
- Provide Mrs O with a letter confirming the voidance was done in error
- Consider Mrs O's claim for the theft of her vehicle and if payment is made add 8% interest to this payment calculated from the date of loss up to the date of payment
- Provides Mrs O with £200 compensation for the trouble and upset caused

Markerstudy didn't agree. It said that regardless of the risk of 'cash for crash' in this case, Mrs O hadn't adhered to its terms and conditions so it was correct to void the policy.

So the matter has been referred to me to decide.

my findings

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

Markerstudy set out under 'Important Information' that payment can only be made by the person named on the policy. It also listed it as a requirement under the declaration in its Statement of Fact. So it says that because Mrs O accepted its terms when she bought the policy, she failed to adhere to them by not using her own card/bank details. So it was correct to void the policy.

However Mrs O says that she and her husband have a shared financial interest in the car (car A) and her husband is the registered owner and keeper. The reason why she bought this policy was because she and her husband had bought another car (car B) and had transferred the details of car B to their existing motor policy. She provided Markerstudy with the registration details and the date of when they bought car B. They then advertised car A 'for sale' on a website but it was later stolen.

Mrs O says that she doesn't think Markerstudy has been fair to her that because she didn't provide Markerstudy with any false information and it accepted the payment from the card in her husband's name. Her insurance schedule shows that her husband is the registered owner and keeper of the car she insured herself to drive. In these particular circumstances, I think it was reasonable for Mrs O to believe that she had correctly bought the policy.

I think that Markerstudy clearly drew attention to its exclusion. But given that it's such an unusual exclusion, I don't think it properly explained the severity of the consequences to Mrs O for paying for the policy using her husband's card details. And there isn't anything in these particular circumstances to justify Markerstudy's decision to cancel her policy as if it never existed and refuse to consider the claim for the theft of her car. So I think Markerstudy has been unfair to Mrs O.

I think that Markerstudy's decision to void her policy and refuse to deal with her claim was unreasonable and it should now put Mrs O in the position she was in had it not voided her policy, and consider her claim. I think its decision has caused Mrs O some trouble and upset which it should pay her £200 compensation.

my final decision

For the reasons given above, my final decision is that I uphold this complaint and I require Markerstudy Insurance Company Limited to do the following:

- Remove all record of the voidance from its internal and external database including the Central Underwriting Exchange
- Provide Mrs O with a letter confirming the voidance was done in error
- Consider Mrs O's claim for the theft of her car and if payment is made add interest at 8% simple interest per year to this payment calculated from the date of the theft to the date it pays her
- Pay Mrs O £200 compensation for the trouble and upset caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 21 December 2015.

Geraldine Newbold
ombudsman