

## **complaint**

Mr A is complaining that Tradewise Insurance Company Limited cancelled his commercial vehicle insurance policy.

## **background**

In April 2016 Mr A took out a motor trade policy through Tradewise to work as a part-time motor trader. The policy renewed for the next two years.

In February 2018 Mr A's brother was involved in an accident while driving one of Mr A's cars. And in April 2018 Tradewise wrote to Mr A to enquire why he'd allowed someone not named on his insurance policy to drive his car. Mr A responded to say that his brother's car was in the garage being repaired. So he'd allowed his brother to drive the car while his car was being repaired. But he explained that the car was being insured under his brother's policy. Tradewise responded to accept Mr A's explanation.

But in August 2018, Tradewise wrote to Mr A again to ask him to explain why he'd allowed someone not named on the insurance policy to drive his vehicle on two separate occasions. It also asked him to provide evidence of his proof of trading and it asked for the sales receipt for one of his cars which it was no longer insuring.

Mr A gave Tradewise a copy of a purchase invoice for a motorbike which he said he was going to do some work to and repair. He also provided some invoices for maintenance he was doing on one of his cars. Finally, he explained that he'd scrapped the car it had queried.

In September 2018 Tradewise wrote to Mr A to give him notice that it intended to cancel the policy in seven days, because it wasn't satisfied that he was trading sufficiently. Mr A responded to give a detailed explanation. He said that he'd always made it clear that he was a part-time motor trader. But he said that his company had been going through a major refurbishment, so he was having to work overtime during that time. He said this meant he hadn't been able to work as a motor trader between February and August 2018. But he said he had bought two cars and sold one before the policy was cancelled.

Tradewise didn't think the information Mr A had given was enough, so it cancelled the insurance policy. Mr A complained that it had done so. He also complained that Tradewise had recorded two pending claims on his record, but he said the claims were never made on his insurance policy. Tradewise said that the claims were recorded as pending because his brother's insurer hadn't advised that it had accepted the claims at that point. Mr A queried this as he said he'd been told that it had accepted the claims and asked it to clarify this. In November 2018 Tradewise advised Mr A that the other insurer had now advised it had accepted the claim.

Tradewise later responded to Mr A's complaint, but it didn't uphold it. It said that it was concerned that Mr A had allowed someone not insured on his insurance policy to drive the car on two separate incidents which had resulted in claims. It said that, while his brother's insurer had accepted both claims in this instance, it would have had to deal with the claims under the Road Traffic Act if the insurer hadn't accepted them. And it said this was a risk it wasn't willing to accept.

Tradewise further said that the policy was for people actively involved in the motor trade. And it said that, while it acknowledged the information Mr A had given, it didn't think he was

actively being involved in the motor trade at the time. And it said that the terms of the policy allowed it to cancel the policy in these circumstances.

I issued a provisional decision in January 2020 not upholding this complaint. And I said the following:

*"Mr A is complaining because he thinks it's unfair that Tradewise cancelled his policy. And he thinks it's relied upon incorrect information to do so. It seems to me that Tradewise has cancelled the policy for two reasons:*

- 1. Mr A had allowed someone not insured on his insurance policy to drive his cars which had resulted in two accidents; and*
- 2. It didn't think Mr A had provided enough evidence to show that he was actively involved in the motor trade industry.*

*The terms of Mr A's insurance policy set out that:*

*"The Company [Tradewise] or the Company's duly authorised agent may cancel this Insurance by giving not less than seven days notice from the date of the despatch of a letter to the Insured at the last known address."*

*So the terms of the policy entitled Tradewise to cancel the policy if it wanted to do so. But it must exercise this right on a fair and reasonable basis.*

*I note Mr A says that his brother's insurer had accepted the claim and hadn't declined it. But Tradewise has provided us the email correspondence it had with the insurer. And it's clear from this that in May 2018 the insurer did tell Tradewise that it had declined the claim. Tradewise queried this with the insurer, given Mr A's comments in respect to this. But the insurer responded in July 2018 and said:*

*"Our insured confirmed to us at notification stage that he was driving a courtesy car which had been supplied by a repairing garage. There is no cover available under our policy. Our Driving Other Cars cover does not cover this scenario."*

*Following this, Tradewise reopened the queries it had raised in April 2018 and I don't think it was unreasonable that it did so, given the other insurer's response. I note Mr A's comments that the insurer did accept the claims, but I can't say that Tradewise acted unreasonably in this respect.*

*Tradewise has commented that it's concerned Mr A was allowing individuals not insured on the policy to drive his cars. It said that, if the insurer hadn't covered the claim, it would have had to settle the claim under the Road Traffic Act. And this was a risk it wasn't willing to undertake. Tradewise is correct that, even though Mr A's brother was driving the car under his own insurance policy, it could have become liable for the losses had the insurer not accepted the claim. So, while I don't dispute that it didn't have to deal with the claims in this instance, I think it had valid concerns in this respect. And I think the terms of the contract entitled Tradewise to cancel the policy in these circumstances.*

*But, even if this wasn't the case, I think it was also entitled to cancel the policy as Mr A hadn't given enough evidence to show he was actively involved in the motor trade. The terms of the contract also specify that:*

*“This is an insurance policy for those actively involved in the Motor Trade and Tradewise may at anytime, and in the event of a claim request documentary evidence of your motor trade activity. Failure to supply the information when requested may result in your policy being cancelled or void and all claims declined.”*

*Mr A has said that he always set out that he was a part-time trader and I don't dispute that. I also acknowledge his comment that he wasn't able to trade because of his full-time job. But the reality is that Mr A hadn't provided sufficient evidence that he wasn't actively involved in the motor trade industry at the time. I don't dispute Mr A's reasons why he wasn't able to do so at the time. But, the terms of his contract entitled Tradewise to cancel the policy in these circumstances. And I can't say it was unreasonable for it to do so at that time.*

*So, while I acknowledge and appreciate Mr A's comments in respect to why he thinks the cancellation was unfair. I can't say that Tradewise has acted unreasonably in this matter.”*

Neither party responded to my provisional decision.

### **my findings**

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

As neither party has given me anything more to think about, I see no reason to reach a different conclusion to the one I reached in my provisional decision. So I don't uphold this complaint for the reasons I set out in my provisional decision.

### **my final decision**

For the reasons I've set out above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 19 March 2020.

Guy Mitchell  
**ombudsman**