

## **complaint**

Mr E complains that Covea Insurance plc declined a claim under his motor insurance policy and then cancelled the policy from the start because of misrepresentation. He wants it to deal with his claim and compensate him for its poor service.

## **background**

Mr E took out a policy with Covea through a broker. His car was stolen and recovered but it had been considerably damaged. It was declared a total loss. Mr E accepted Covea's settlement offer. He then sent Covea the vehicle registration document, a copy of the MOT and a copy of his driving licence. Covea then found that Mr E's car was registered at a different address to the address held on the policy. Because of this, Covea decided to decline the claim and to cancel Mr E's policy from the start. It offered Mr E £50 compensation for his trouble and upset as he had to contact it often for updates.

The adjudicator recommended that the complaint should be upheld. Covea rejected the claim and cancelled the policy on the basis that Mr E didn't reside at the address stated on his motor insurance policy. But she thought that Mr E did actually reside at that address and that he went to the second address at weekends. Covea's statement of fact made no reference to where the car was registered. It merely stated the address of the policyholder.

Covea didn't provide its underwriting criteria to show that if a vehicle was registered to a different address to the home address, it would be rated on the higher risk address. She therefore recommended that Covea reinstate the policy and remove all records of the cancellation. She thought that it should deal with the claim and pay Mr E a further £150 compensation for his trouble and upset.

Covea replied that had it been aware at the time of issuing the policy that the log book showed a different address, the risk would have been unacceptable to it.

## **my findings**

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

Covea says that it wasn't supplied with the correct information when Mr E took out the policy. It says that if it had known that the car was registered at Mr E's weekend address, then it wouldn't have offered him cover. It says, therefore, that it has correctly cancelled his policy and declined his claim.

Where a complaint arises from non-disclosure or misrepresentation 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 or misrepresentation.

Mr E has two addresses. He has one place where he works and stays during the week, and then his home address for the weekends. Covea said that Mr E incorrectly completed the statement of fact with his work address rather than his home address.

But when Mr E took out the policy, the broker asked him *"Where is the vehicle kept overnight?"* Mr E explained that it was kept at his work address but was registered to the home address. Mr E lived at the work address for the majority of the week and considered it his address. He confirmed this with utility bills. Therefore he said that the car was kept at this address overnight. I think that this wasn't unreasonable.

Covea says that where there are two addresses, it rates the policy on the address with the highest risk. It says that Mr E didn't tell it of his home address. If it had known this, it wouldn't have offered him cover.

But I must look at the information requested by Covea and the responses provided by Mr E. I can see that Mr E told his broker that the car was registered to his home address. But I can't see that Covea asked for this information. Also, the statement of fact asks for his address, not where the car is registered. Therefore, I don't think that a clear and concise question was asked to determine the registered address of the car. I don't think it fair for Covea to conclude that Mr E had deliberately misled it. I don't think it was reasonable for it to cancel Mr E's policy on this ground.

The adjudicator asked Covea for its underwriting terms that would justify its decision that it wouldn't have offered Mr E cover if it had known where the car was registered rather than where it was normally kept. Covea replied that the decision was made on the basis that the weekend address was Mr E's correct address and showed that this risk was unacceptable.

I agree that it could decline to offer cover for Mr E's weekend address. But Mr E actually lived at the work address and Covea agrees that this address was acceptable. I therefore think that Covea's decision is unreasonable. This is because it is clear that Mr E resides at the work address and has provided evidence to support this. Covea didn't ask him whether he had an alternative address or where the car was registered. I think that Mr E gave Covea the correct information when the policy was taken out.

Covea's decision has caused Mr E much upset. I think that it should reasonably compensate him for this and pay him £150 in addition to the £50 already offered. This is in keeping with the level of award we would recommend.

### **my final decision**

For the reasons I've discussed, it is my final decision that I uphold this complaint and I require Covea Insurance plc to do the following:

1. Reinstate Mr E's policy from the start and remove record of the cancellation from any data bases.
2. Reconsider Mr E's claim under the policy terms. If this results in a payment to Mr E, simple interest of 8% per year should be added and calculated from the date of loss to the date of settlement (less tax if properly deductible).
3. Pay Mr E £150 compensation in addition to the £50 already offered. This is in recognition of the trouble and upset caused by its failure to proceed with the claim and the incorrect decision to cancel the policy.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr E to accept or reject my decision before 20 July 2015.

Phillip Berechree  
**ombudsman**