

complaint

Mr H's complaint is about Highway Insurance Company Limited. He's unhappy that it cancelled his insurance policy as if it had never existed and refused to deal with his claim.

background

Mr H bought an insurance policy for a caravanette with Highway in June 2016. The policy was taken out through an intermediary. Mr H made a claim on the policy later that year after reporting the caravanette stolen.

After investigating the claim, Highway said Mr H had given incorrect information about who the registered owner was and where the caravanette was kept when he first took out the policy. It said that it wouldn't have offered cover if it had been given the correct information.

So it refused to deal with Mr H's claim and voided the policy – i.e. cancelled it as if it had never existed, including refunding the premiums he'd paid. Mr H complained to Highway but it stood by its decision. So he referred the matter to us.

Our investigator reviewed Highway's underwriting guidelines, which confirmed that it wouldn't have offered cover if it had been given the correct information in the first place. So he didn't think Highway had done anything wrong in refusing the claim and voiding the policy.

As Mr H didn't accept our investigator's view, his complaint was passed to me.

my provisional decision

I issued a provisional decision in March 2016. I thought I should uphold Mr H's complaint. I said:

Mr H applied for the policy over the phone through an intermediary. During the application, he was asked if he was the registered owner and keeper of the caravanette – and he said he was. But on investigation of the claim, Highway found that it was actually Mr H's son – who was a named driver on the policy – that was the registered owner. So strictly speaking, the information Mr H gave Highway (via the intermediary) was incorrect.

But, in this case, I think it's understandable that Mr H answered this question incorrectly. He says he thought his name was on the registration document. He bought the caravanette jointly with his son. They both have use of it – Mr H described it as 'a joint thing; a family motorhome'. And both contributed to the purchase price (in fact, Mr H put in the greater share by some margin). So I think both Mr H and his son justifiably see themselves as joint owners. So I think this was an innocent mistake on Mr H's part, rather than a deliberate attempt to mislead Highway in any way.

Mr H was also asked during his application where the caravanette was parked. He said it was on the drive outside his house. On investigation of the claim, Highway found that it was actually kept mainly at Mr H's son's address. It says that if it had known that, it wouldn't have offered cover – and that's why it voided the policy.

But again, Mr H and his son shared the caravanette – so it spent *some* time parked on his drive, outside his house, and *some* time at his son's address. Since taking out the policy with Highway, the caravanette had actually been predominantly used (and kept) by Mr H – he'd returned from one trip overseas and the caravanette remained at his address ahead of another trip he had planned. And it was from Mr H's address – not his son's – that the caravanette was actually stolen.

So given Mr H's particular circumstances, and those of his claim, I didn't think it was fair or reasonable for Highway to void his policy. And I went on to explain what I thought Highway would need to do to put things right. I said I intended to direct it to:

- Reinstatement Mr H's policy and remove any information about the voidance from any internal and external databases;
- Pay Mr H's claim under the remaining terms and conditions of the policy – deducting the amount it's already given back to Mr H when refunding the policy premiums; and
- Pay interest on any cash settlement at the rate of 8% simple per year calculated from the date Mr H made his claim to the date it makes the payment.

Mr H accepted my provisional decision, and didn't respond with any further comments or evidence.

Highway didn't accept my provisional decision. It reiterated that Mr H's son was the registered owner and keeper of the caravanette, which was kept primarily at his address. It still thought Mr H knew all this, and had therefore answered questions incorrectly at the outset. It also said that Mr H knew it would be cheaper to take out the insurance in his own name. It maintained that if it had been given the correct information, it wouldn't have offered cover. So it stood by its decision to void the policy.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And having done so, I still think I should uphold it. I'll explain why.

It's not in dispute that Mr H's son was the registered owner and keeper of the caravanette, rather than Mr H. I explained in my provisional decision that given how the vehicle had been bought and the way they intended to use it jointly between them as family, I thought Mr H would understandably have seen himself and his son as joint owners. In fact, Mr H had put in the lion's share of the purchase price, with his son making a significantly smaller contribution.

In this respect, Highway has pointed to the fact that Mr H's son previously held a policy in his own name which covered the caravanette – and a social media post by Mr H's son in which he referred to the caravanette as his own.

But I don't think these points are enough to change the justifiable perception that Mr H had of the caravanette being something he and his son *both* owned. Both had contributed to the purchase price – with Mr H having paid the significantly greater share. And both used the caravanette, as had evidently been envisaged when they bought it. So I still think Mr H's incorrect answer about the registered owner was an honest mistake, rather than deliberately misleading.

Highway maintains that the caravanette was actually kept mainly at Mr H's son's address, and it's sent us further evidence to support this. But again, Mr H and his son shared the caravanette. So it would've spent some time at *both* addresses. Mr H used it on a number of occasions and, importantly here, it would've been him that had used it predominantly since the policy was taken out. And in the event, it was taken from his address – in between trips – and not from his son's: his son's address wasn't material to the theft. So I still don't think it was fair or reasonable for Highway to void Mr H's policy in light of the particular circumstances of this complaint.

Highway also says that Mr H commented that it was cheaper for him to insure it (rather than his son) when asked why the policy was in his name during the claim. But for the reasons I've already explained, I think Mr H saw the caravanette as something that was owned and used jointly by him and his son. So I don't think he saw anything wrong in putting the insurance in his own name, and don't see this as evidence that he was deliberately misleading Highway with a view to getting cheaper insurance. So these points don't change my conclusion.

my final decision

For the reasons set out above, I uphold Mr H's complaint and require Highway Insurance Company Limited to:

- Reinstatement Mr H's policy and remove any information about the voidance from any internal and external databases;
- Pay Mr H's claim under the remaining terms and conditions of the policy – deducting the amount it's already given back to Mr H when it refunded the policy premiums; and
- Pay interest on any cash settlement at the rate of 8% simple per year calculated from the date Mr H made his claim to the date it makes the payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 June 2017.

Ben Jennings
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