

complaint

Mr L complains that Catlin Insurance Company (UK) Ltd ("Catlin"), the underwriter of his motor insurance policy, voided his policy, that is treated it as of no effect from the outset, because it said he had not told it that the car had been modified. He is represented in bringing this complaint by a relative, Mrs H.

background

Mr L bought a used car in February 2014, and arranged insurance for it. In January 2015, the car was damaged while being driven by his partner, and Mr L claimed on his policy. The insurer's engineer noticed that the appearance of the car, which was a standard model, had been modified to give it the appearance of a more expensive/more powerful model of the car, which I will call "the upgraded model".

Catlin said it wouldn't have insured the car if the modifications had been disclosed to it. So it voided the policy and refused to deal with Mr L's claim. It considered that the non-disclosure had been careless rather than deliberate, and returned the premium that Mr L had paid. Mr L said he had bought the car from a dealer, and wasn't aware that it had been modified. Any changes he had made later were simply replacing like for like.

Our adjudicator didn't recommend that this complaint should be upheld. She said that in considering whether it was reasonable for an insurer to void a policy for non-disclosure, we considered the following three questions in turn:

- 1. Was the person applying for the insurance policy asked a clear question about the information that the insurer now considers to be important?*
- 2. Has the insurer shown that this information was relevant to its decision to offer an insurance policy, and to the terms of the policy?*
- 3. Did the person applying for the insurance policy answer the question honestly and to the best of their knowledge and belief at that time?*

Mr L's partner spoke by phone with the insurer on behalf of Mr L to arrange the policy. She was asked "Has the car been modified or altered in any way?" She said the bodywork had been "vinyl wrapped" which had changed the colour from blue to orange. The insurer's representative said "right that should be fine, but other than that there's no sort of modifications at all? It's just coz we don't insure cars with modifications." Mr L's partner said "No, not yet."

The adjudicator thought that a clear question had been asked, and the insurer had made it clear that it didn't insure cars with modifications.

Among the modifications on the car when Mr L bought it were a bonnet with the appearance of the upgraded model, the removal of the standard model badge from the tailgate, non-standard rear lights and non-standard spoiler. Mr L said he was intending to buy a standard model of the car. He didn't know the car he bought had been modified. The adjudicator said he might not have been aware that the rear lights and spoiler weren't standard. However on balance she thought it was unlikely he didn't know that the bonnet and tailgate had been modified.

After Mr L bought the car, he replaced wing badges, alloy wheels and the exhaust. Mr L said he merely replaced like with like. However, the adjudicator noted that the wing badges and the alloy wheels weren't standard model fittings, but upgraded model fittings. And the replacement exhaust wasn't a standard model fitting either. So she thought that Mr L's actions in making further modifications meant that he knew his car had been modified at the time he bought it. So he hadn't answered the insurer's question correctly to the best of his knowledge.

After Mr L took out the insurance policy, the insurer arranged for a telematics box to be fitted to the car. The company which fitted the box took photos at the time in case there was a suggestion later that it had damaged the car. Mr L said that the insurer should have seen from these photos that the car had been modified and voided the policy then if it wanted to.

The adjudicator said that the fitting company worked for a number of insurers. Each insurer would have its own insurance criteria. So the company wasn't responsible for notifying insurers about any modifications it found, and she didn't believe the insurer knew about the modifications before the accident.

For these reasons, the adjudicator concluded that it was fair and reasonable for Catlin to have voided the policy. Mrs H responded to say, in summary, that Mr L and his partner had decided to buy a standard model of the car. However, they hadn't researched this properly, so when they got to the dealer, they didn't know that the car had upgraded model modifications.

my findings

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

Catlin has made it clear that it wouldn't have insured Mr L's car in February 2014 if it had known about the modifications that had been made to it. As well as the conversation with Mr L's partner when the policy was taken out, the Statement of Fact document it sent to him when he took out the policy repeated that he had said the car wasn't modified.

It said he had to tell the insurer about any changes to the information in the Statement of Fact, for example "*all changes you or anyone else make to your car if these mean the vehicle is different from the manufacturer's standard specification (whether the changes are mechanical or cosmetic)*".

Like the adjudicator, I conclude that Catlin asked Mr L a clear question about any modifications to the car, that on balance he was aware when he bought it that it had been modified, and that he didn't answer the insurer's question correctly to the best of his knowledge.

Accordingly, I agree that it was fair and reasonable for Catlin to void Mr L's policy from the outset, and to refuse to deal with his claim.

my final decision

My decision is that I don't uphold this complaint, and make no order against Catlin Insurance Company (UK) Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 April 2016.

Lennox Towers
ombudsman