

## **The complaint**

Mr V complains Covea Insurance plc proportionately settled a claim made on his motor insurance policy.

Miss K was the named driver on Mr V's policy and brings this complaint with Mr V. She has also made representations on his behalf. However, as the policy was in Mr V's name, I'll generally refer to him throughout this decision.

## **What happened**

Mr V took out a motor insurance policy with Covea in October 2022. When his vehicle was involved in an accident in mid-July 2023, he tried to make a claim.

Whilst investigating the claim, Covea said Mr V had failed to tell it about a previous claim notification for Miss K from October 2022 when he took out the policy. Covea considered this a careless qualifying misrepresentation which entitled it to only pay a proportion of his claim. This is because it said, if it'd been told about the claim notification, a higher premium would've been charged. This means Mr V only paid 82.44% of the premium and so Covea was entitled to only pay the same proportion of his claim.

Mr V didn't feel the reduction was fair – Miss K spoke to the previous insurer about damage to the vehicle, no claim was made and the call was only for advice. There was another claim recorded but the previous insurer confirmed this was an error and the claim was removed.

As Covea didn't change its decision, Mr V brought his complaint to this service. The Investigator looked into matters. They agreed there had been a careless qualifying misrepresentation, so, Covea was entitled to take the steps it had.

Mr V didn't agree – he says this was only a discussion. And his previous insurer didn't tell him this would be classed as a notification he'd need to declare. The Investigator communicated with Mr V about this to explain why it didn't change his view. As an agreement couldn't be reached, the matter was passed to me for a decision.

## **What I've decided – and why**

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

Having done so, I must tell Mr V I think the investigator has reached a fair outcome here. So, I don't uphold his complaint in this matter. I'll explain why.

The relevant law here is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract. The standard of care is that of a reasonable consumer. If they fail to do this, the insurer has remedies provided the misrepresentation is – what CIDRA describes as – a qualifying misrepresentation. For it to be

a qualifying misrepresentation, the insurer must show it would've offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Covea says Mr V failed to take reasonable care not to make a misrepresentation when he answered questions about previous claims. I've reviewed the questions asked when Mr V applied for his policy online and an extract is below, including the guidance for answering the question.

*'Any motor accidents or claims in the last 5 years?*

**Help**

*Please list details of any incidents, accidents, losses, thefts or claims involving a motor vehicle in the last five years, regardless of fault of whether you claimed or not...'*

On the proposal form, the information given is set out. This includes the following.

*'Please show below any accidents, thefts or losses (irrespective of bam end whether a claim resulted) which you or any other person who will drive have been involved in within the past 5 years?'*

I'm satisfied it's more likely Covea made it clear how important it is to answer the question about accidents and claims correctly. And this was emphasised on the front page of the welcome information and statement of insurance. Mr V's answer to this question was 'No' when this wasn't correct.

Covea has sent this service evidence if Mr V had not made this misrepresentation it would have at least charged him a higher premium. So, I'm satisfied Mr V's representation was a qualifying one. Covea considers Mr V's representation was careless and I see no reason to interfere with this.

As I'm satisfied Mr V's representation should be treated as a careless qualifying misrepresentation, I've looked at the actions Covea can take in accordance with CIDRA. And I agree it was entitled to pay only a proportion of Mr V's claim, in line with the proportion of the premium he paid compared to the amount he should've paid. And I'm satisfied it used the correct proportion of 82.44% based on the premium information I've seen.

I recognise Mr V says this wasn't a claim but only a discussion. And his previous insurer didn't tell him this would be classed as a notification which he'd need to declare. He wouldn't take out an insurance policy and not be honest. But Mr V was obliged to provide accurate information in his answers, taking care not to make a misrepresentation. Although he doesn't consider this to have been more than a conversation, it was a discussion about making a claim. This is what the question asks about – any incidents or accident, regardless of whether a claim was made. So, I'm satisfied Miss K's notification of a possible claim in October 2022 should've been declared. If Mr V was unclear about anything he had the opportunity to contact Covea to clarify matters. Further, he was sent the information he'd given when completing the online application and had the opportunity to check this. So, whilst I appreciate the significant impact the avoidance is having, I don't uphold this complaint against Covea.

I appreciate this will disappoint Mr V and Miss K. But this decision ends what we, in seeking to resolve their complaint against Covea, can do for them.

**My final decision**

For the reasons set out above, I don't uphold Miss K and Mr V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K and Mr V to accept or reject my decision before 28 March 2024.

Rebecca Ellis  
**Ombudsman**