

## The complaint

Mr M complains that First Central Underwriting Limited voided his motor insurance policy and didn't pay his claim.

Reference to First Central includes its agents.

## What happened

Mr M held a motor insurance policy with First Central. When he was involved in an accident, he made a claim for the damage.

First Central said that Mr M didn't accurately answer the question he was asked about his car's modifications when he took the policy out. It said it deemed this a careless misrepresentation which entitled it to void his policy. And because the policy effectively then didn't exist, First Central said it didn't need to deal Mr M's claim.

Mr M didn't think this was fair and complained. He didn't think he'd answered the question wrong when he took out the policy – he thought the car wasn't modified. And he didn't think First Central had acted in line with his policy by voiding it.

First Central offered compensation for some service issues, but ultimately it didn't change its stance on avoiding Mr M's policy and not dealing with his claim.

Mr M remained unhappy and brought his complaint to us. One of our Investigators didn't recommend Mr M's complaint be upheld. He thought First Central was fairly saying Mr M made a qualifying misrepresentation. And he thought the actions First Central took as a result were in line with the relevant act, the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA).

Mr M didn't agree and asked for an Ombudsman's 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'm not upholding it. I'll explain why.

- First Central said Mr M answered the question he was asked about modifications on his car when he took out his policy online incorrectly. I'm satisfied that's fair. Mr M was asked "*Does the car have any modifications*" and that he answered "*no*" to that question. First Central has shown this isn't true and that the car has a number of modifications. So Mr M has made a misrepresentation, the question is whether that misrepresentation constitutes a qualifying one under CIDRA.
- First Central said it thinks Mr M failed to take reasonable care not to make a misrepresentation about the modifications on his car. Mr M disagrees, he says he's

not a car expert and thought the cars wasn't modified.

- Importantly here, the test applied to whether Mr M took reasonable care is one of a reasonable consumer, not one unique to Mr M. So, while I take on board what he's said about not being a car person, I have to consider what a reasonable person would have answered when asked the question he was asked about his car's modifications. I've seen pictures of Mr M's car and given those and the list of modifications - matt black paint, tinted windows, tinted lights and an aftermarket intake system – I think a reasonable consumer would have answered yes when asked if the car had modifications. So, on that basis, I'm satisfied Mr M failed to take reasonable care not to make a misrepresentation.
- First Central has also shown that if it were told about the modifications it wouldn't have offered Mr M the policy.
- Because of the above, First Central has shown Mr M's misrepresentation was a qualifying one under CIDRA. This means it's entitled to take action. I understand Mr M thinks it should be acting in line with his policy, but that's not the case here. First Central is entitled to act in line with CIDRA.
- First Central has classified this misrepresentation as careless. There's nothing to suggest it was made deliberately or recklessly and I'm satisfied that's fair.
- Because First Central has shown that were it not for the misrepresentation it wouldn't have insured Mr M's car, under CIDRA it's entitled to avoid his policy and not deal with his claim. But it needs to return the premiums Mr M paid for this policy – which I understand it has done. But if it's not already done so, this should be done right away.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 July 2024.

Joe Thornley  
**Ombudsman**