

The complaint

Mrs & Mr R complain about how Adrian Flux Insurance Services Group (“AF”) accepted their application for car insurance, but then cancelled their policy. I’ll mainly refer to Mr R as he was the person who applied for cover.

What happened

Mrs & Mr R applied for a car insurance policy through AF, which is a broker, in June 2023. The policy began in July 2023 and the annual premium was £1,832.65.

When Mr R applied for the quotation, he told AF about some claims they’d had. AF told him it had a record on one claim for Mrs R. Mr R told AF he’d made three claims, two in April 2019 and one in December 2022.

When AF searched for an insurer, it didn’t tell the insurer of the new policy about one of the claims (December 2022), but it did include details of another claim in March 2023 that Mr R hadn’t mentioned. The policy was set up on this basis.

When the insurer found out about the December 2022 claim, it told AF it couldn’t cover Mrs & Mr R.

AF acknowledged its error to Mr R. It said it had found an alternative policy for £6,034.97.

Mr R complained and asked that AF pay the difference. But AF said it would cancel the policy and give a refund of the £1,832.65 they’d paid. It also said they didn’t need to tell other insurers about the cancellation.

Mrs & Mr R remained unhappy and brought their complaint to this service. They say they had an alternative quote of £3,263.20 at the same time and would have taken that if the AF arranged policy hadn’t been available. They ask that AF pays the difference.

Our investigator looked into his complaint and thought it would be upheld in part. He said he didn’t think Mrs & Mr R could prove their alternative quote was on the same like-for-like basis so he didn’t think AF needed to pay any extra towards their premium.

But he did think AF hadn’t taken into account the inconvenience it’d caused them and he thought it should pay them £100 compensation.

Mrs & Mr R didn’t agree with the view. They asked that their complaint was reviewed by an ombudsman, so it’s has been passed to me to make 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.

I’ve read the file of evidence I’ve been provided and thought carefully about what happened in this complaint.

Mrs & Mr R were trying to arrange insurance for their car. I think it's fair I say that the type of vehicle in question has been subject to rapid changes in insurer's risk appetite over the last couple of years, and what this means is premiums have varied widely and shifted quickly.

Mr R contacted AF to get a quote. In the call I can hear him tell it about one claim for Mrs R, and three claims (plus a windscreen claim) and one conviction for Mr R.

Later, it emerged that Mr R should have disclosed four claims on his record.

On the quotation sent out by AF I can see that three claims are listed under Mr R's record, but one of them isn't one of the ones mentioned by Mr R – it's a claim from March 2023.

It seems to me that AF make a mistake when it didn't pass on the correct claims details to the insurer, and I can see it has apologised for this. But I think it's fair I say that Mr R also made a mistake when he listed his claims to AF.

The outcome of this is that the insurer declined to insure Mrs & Mr R.

It's important I say, from the information I have, it would have declined to do this whether AF has told it about the claim, or whether Mr R had included all his four claims in the original conversation and they been passed on.

What this means is, the quote and subsequent policy bought by Mrs & Mr R weren't valid due to mistakes made by either, or both, of the two parties involved in the application.

In other words, the end result would have been the same in that this particular insurer wouldn't have provided a quotation if it'd known about the four claims on Mr R's records.

The error made by Mr R means he misrepresented his insurance history. The outcome of that was that the insurer couldn't accept his policy on risk and has cancelled it and given them a full refund. There is legislation that deals with misrepresentation, which is called the Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA"). By cancelling the policy and providing a full refund, AF has aligned its actions with those determined under CIDRA. So it follows I think its actions are fair and reasonable.

The error made by AF means that Mr R thought he'd bought a policy that was very keenly priced – I can hear him say he's "gobsmacked" by the quote it provided him. He tells AF all the other quotes he's had were in the region of £5,000 plus, whereas AF apparently found him cover at around £1800. Perhaps I can say that Mr R should have taken more care to check his details on the quote he received as he may then have spotted AF's error.

But, again, it's important I say that, if Mr R had disclosed all four of his claims, then the insurer in question wouldn't have offered a quote for him on the policy in the first place.

It follows that I think it's fair I say that both AF and Mr R should have taken more care to avoid their respective mistakes.

Having established that, it also follows that I need to now consider what might be a fair outcome.

I can see AF refunded Mr R his premium, which I think is fair and reasonable. I can also see Mrs & Mr R have bought a policy from another company at a premium of around £6,800 and they ask for a contribution towards this, perhaps the difference between their new premium and the alternate quote they obtained.

But I don't think that's fair.

As I've said above, the pricing in the marketplace for Mrs & Mr R's car has varied substantially during the period of this complaint. I can see a comment that their new policy is very expensive, and I feel it's fair I point out that Mr R's original question to AF was about the price for just Mrs R to be insured on the car. So I think it's fair I say this was clearly an option for them, and I don't think it's fair to ask AF to pay for Mr R to be covered under these circumstances.

As the market has moved in terms of price and availability of cover, Mrs & Mr R have been caught out by a combination of circumstances, and apart from the mistake made by Mr R I can't reasonably say it's their fault. But I also can't fairly say the market moving is AF's fault either.

I've also considered Mrs & Mr R's inconvenience caused by AF's original error. As I've said above, I think the responsibility for the error sits with both parties, but I can see the error caused confusion for Mrs & Mr R. I've thought about this, and taken into account this service's guidelines on compensation, and I think the appropriate amount is £100.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint in part. I direct Adrian Flux Insurance Services Group to pay Mrs & Mr R £100 compensation for their distress and inconvenience.

Adrian Flux Insurance Services Group must pay the amount within 28 days of the date on which we tell it Mrs & Mr R accept my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 29 July 2024.

Richard Sowden
Ombudsman