

The complaint

Mr H complains that Haven Insurance Company Limited declined his claim and cancelled his motor insurance policy from the outset. Reference to Haven includes its agents.

Mr H's friend is assisting him in bringing the complaint but, for ease of reference, I've referred to anything he said as being said by Mr H.

What happened

In summary, Mr H has a motor insurance policy underwritten by Haven. The policy was taken out through a broker and Mr H added his son – Mr H1 – as a named driver on the policy. In November 2023, Mr H1 discovered that Mr H's car had been stolen from outside Mr H1's home. Mr H1 asked for help on social media in locating the car. Mr H's car was found later that day and recovered to a local garage. He made a claim on the policy.

Haven subsequently avoided Mr H's insurance policy and declined his claim. It said Mr H1 had a primary occupation and was also a professional sportsman. Haven said, if it had known Mr H1 was a professional sportsman at the outset, it wouldn't have provided cover. It thought there'd been a deliberate misrepresentation. Haven cancelled the policy from the outset and retained the premium.

Mr H didn't think that was fair. He said Haven's action in cancelling the policy has caused him and Mr H1 considerable stress and they have described their family circumstances which make it particularly difficult to be without the car. Mr H wants Haven to reinstate the policy and deal with the claim.

One of our investigators looked at what had happened. He didn't think Mr H failed to take reasonable care when answering the questions put to him. So, he didn't think there'd been a misrepresentation. The investigator recommended that Haven reinstate the policy and reassess the claim in line with the policy terms.

Mr H accepted the investigator's recommendation but Haven didn't. It maintained there'd been a deliberate misrepresentation of a material fact which induced it to enter into a contract of insurance. It said:

- Whilst sport may not be Mr H1's primary occupation, any additional sources of income or activities should be declared when taking out a policy.
- There's information online about Mr H1's sporting activities.
- There's media coverage about Mr H1's sporting activities around the time Mr H took out the policy.
- Mr H knew the question it asked about employment was relevant in the circumstances.
- Any sportsman playing the game Mr H1 plays is an unacceptable insurance risk for Haven, regardless of how many times he trains or plays and how he is remunerated. It doesn't offer cover for anyone with a sports related occupation as it considers them a high risk in light of their public profile.

Haven asked that an ombudsman consider the complaint, so it was passed to me to decide.

In this decision, I'm looking at whether Haven acted unfairly and unreasonably in declining Mr H's claim and cancelling the policy from the outset for the reasons set out in its final response to Mr H on 15 December 2023.

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 taken into account the law, regulation and good practice. Above all, I've considered what's fair and reasonable. I uphold this complaint and I'll explain why:

- The relevant law in this case is The Consumer Insurance (Disclosure and Misrepresentation) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer. If a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have 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.

Putting things right

In order to put things right, Haven should reinstate the policy and assess Mr H's claim in line with the policy terms.

My final decision

My final decision is that I uphold this complaint. Haven Insurance Company Limited should now take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 July 2024.

Louise Povey

Ombudsman