

complaint

Mr R complains Markerstudy Insurance Company Limited voided two motor insurance policies he held with it.

background

Mr R took out his first motor policy with Markerstudy in April 2017. And this was done through a broker. His motorcycle was stolen shortly after, and he tried to make a claim under the policy. When Markerstudy was considering Mr R's claim, it became aware that the motorcycle had been stored at a different address to the one listed on the policy. It also became aware that the motorcycle hadn't stored in a garage.

After finding out this information, Markerstudy voided Mr R's policy. Markerstudy did this because it said it wouldn't have offered Mr R cover if it had known where and how the bike was stored. It wrote Mr R a letter confirming this at the end of June 2017.

A few days after Markerstudy sent its June 2017 letter, Mr R complained about the decision. Markerstudy issued its final response at the end of July. And it confirmed that its decision to void the policy was correct.

While Markerstudy was investigating Mr R's complaint, the motorcycle was found and returned to Mr R. He fixed it and applied for a new policy at the end of July. This policy was also underwritten by Markerstudy.

After paying for the policy, Mr R was due to receive policy documents from his broker. However, after not receiving anything, he contacted his broker. The broker explained it didn't have any details or policies for Mr R. So, at the end of August, Mr R contacted his bank and asked for the payment for this second policy to be stopped. He also took out another motor policy elsewhere.

At the end of September, Mr R received Markerstudy policy documents via his broker. The policy had been backdated to August 2017. But, just over a week later, he then received a letter saying this second Markerstudy policy had been voided. The reason for this was because Mr R hadn't disclosed his motorcycle was stolen earlier in the year, nor did he disclose the voided policy. And had Markerstudy known about this, it wouldn't have offered cover.

Mr R complained about both policies to Markerstudy. In respect of his first policy, he explained the first broker was aware that he was living at a different address to the one listed on the policy. He said this information should have been passed on to Markerstudy, so Markerstudy's decision was unfair. In respect of the second policy, he explained what had happened with his broker and that he'd got cover elsewhere after the policy hadn't been set up. So, again, he didn't think it was for Markerstudy to void his policy.

Markerstudy explained that the decision in its July 2017 final response letter remained the same about the first policy. It then issued another final response letter about the second policy. And in this, Markerstudy also said its decision to void the policy was correct. That's because, had it known about the stolen motorcycle and previous voided policy, it wouldn't have offered cover. Mr R remained unhappy, so he brought his complaint to our service.

Our investigator didn't uphold Mr R's complaint. He explained he was satisfied Markerstudy wouldn't have offered the first policy had it known about Mr R's motorcycle being stored at another address. In respect of the second policy, he also was satisfied cover wouldn't have been offered had Markerstudy known about the previous voided policy.

Our investigator also considered the information Mr R provided regarding the involvement of his brokers. In particular, a final response letter from the second broker. This letter explained there was a delay in setting up the second policy due to a problem with its IT systems.

The investigator explained he could only consider the actions of Markerstudy in this complaint. And any concerns about the brokers would have to be dealt with as separate complaints.

Mr R disagreed with our investigator's findings, so his complaint was passed to me to look into.

my findings

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 Mr R's complaint. I know this will come as a disappointment to him, but I'll explain my reasoning below.

Like our investigator, I can only look at the actions of Markerstudy in this complaint. I'm aware Mr R has raised concerns about his brokers to us, and complained to at least one of his brokers. However, those issues can't form part of this particular complaint.

first motor policy

Markerstudy voided the first policy because it says Mr R didn't give it the correct information about where his motorcycle would be stored. In particular, his policy documents said the motorcycle would be stored in a garage at his home address. However, Mr R was keeping his bike at another address for months at a time – and it wasn't stored in a garage there. Markerstudy says it wouldn't have offered Mr R cover had it known this.

Mr R is unhappy with this decision because he says his brokers knew he was living away from home at the time. So this information should have been passed on to Markerstudy. As I can only look at the actions of Markerstudy, I've had to focus on the information Markerstudy had when it decided to offer cover. I've also considered the information it had when it later decided to void Mr R's policy.

This first policy was taken out in early April 2017 through a comparison website. Markerstudy has sent us a screen shot of some of the questions Mr R would have been asked. This is important as I needed to see what information Mr R was asked for during the application process.

The screen shot shows Mr R would have been asked to provide his address and whether his bike is normally kept at that address overnight. I consider the questions were worded clearly. And given that Mr R knew he would have been keeping his bike at another address, he should have answered “no” to the second question. Had he done that, he would have then been asked to provide the address where his motorcycle would be kept. He also would have been asked whether or not it would be stored in a garage.

I've seen a copy of the statement of fact sent to Mr R after the policy was set up. This details that his motorcycle would be stored in a garage at his home address. This suggests Mr R didn't provide information about his other address when answering the questions on the comparison website.

Mr R says his broker would have known that he was at university at the time. And he's provided an email he sent to his broker to confirm this. I agree that the email confirms Mr R had a university address. But, nothing in that email suggests that his bike would ever be kept at that address. Rather, it simply says some of his paperwork was at the other address. In addition to this, Markerstudy wouldn't have seen this email. So, even if Mr R considers this email should have prompted further questions about where his bike was stored – Markerstudy wasn't in a position to do this.

Ultimately, Mr R was given more than one opportunity to confirm his motorcycle would be stored at a different address. Firstly by the comparison website, and secondly when he received his statement of fact. I've not seen any evidence to suggest Mr R attempted to do this. So, I can't say Markerstudy acted unreasonably when it provided cover for the bike at Mr R's home address.

The next thing I had to look into is what Markerstudy would have done had it know Mr R's bike would be kept at the address when considering Mr R's application.

In cases like these we have to consider the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This details the circumstances in which an insurer can void a policy. And under this act, an insurer can void a policy if wouldn't have provided cover if it had been given the correct information.

Markerstudy has sent us information from its underwriters. This confirms cover would only be provided if Mr R's motorcycle was stored in a garage at both his home and the other address. There wasn't a garage at Mr R's other address. So, Markerstudy wouldn't have provided cover - even if Mr R had told it about the address. So, I can't say Markerstudy acted unfairly when it voided Mr R's policy.

Mr R has said he didn't know his first policy was voided. He's told us he and Markerstudy agreed he could cancel his policy. He also repaid the costs involved in recovering his motorcycle after it was stolen. And this meant he could keep his no claims bonus.

However, I've seen Markerstudy wrote to Mr R in June 2017. And this letter explained his policy had been voided. Mr R made a complaint about this decision a few days later. But after reviewing Mr R's complaint, Markerstudy told him its decision remained the same. This was detailed Markerstudy's final response letter. This letter was sent to Mr R at the end of July 2017.

I consider both the June and July 2017 letters both clearly explained that Mr R's policy had been voided. So, I'm persuaded Mr R would have known about the status of this policy at that time.

For the reasons I've detailed, I won't be asking Markerstudy to do anything in respect of this first motor policy.

second motor policy

The second motor policy was voided because Markerstudy says Mr R didn't declare he's had a previous insurance policy voided. He also hadn't declared that his bike had been stolen in May 2017. And had it known about this, it never would have offered Mr R cover.

I've seen a copy of the statement of fact in relation to this policy. And on this, I can't see that Mr R declared his first policy with Markerstudy had been voided. It also didn't mention the fact his motorcycle had been stolen earlier that year.

Markerstudy sent us information from its underwriters. And this confirms the policy wouldn't have been offered had the voided policy been disclosed. As mentioned above, CIDRA says an insurer can void a policy if it wouldn't have provided cover had it been given the correct information. So I can't say Markerstudy acted unfairly once it became aware of the policy that had been voided earlier that year.

Mr R is unhappy with the second void because it happened after he'd arranged cover for his motorcycle elsewhere. And this happened due a glitch in his broker's IT systems.

I understand Mr R's frustration that this policy was set up, and subsequently voided, after he believed cover wouldn't be put in place. But, I can't see this was Markerstudy's fault. It wasn't aware of the IT problems at the brokers – and simply acted on the instructions it was given.

Taking everything into consideration, I think it's most likely this second policy would have been voided – even if the broker hadn't suffered an IT glitch. That's because the evidence persuades me Mr R didn't disclose his voided policy.

As mentioned above, Mr R would have known his first policy had been voided. That's because he raised a complaint about it, with Markerstudy, in June 2017. The only difference is the second policy would most likely have been voided in early August 2017 – when Mr R wanted the policy to be set up.

Given the above, I won't be asking Markerstudy to do anything. If Mr R is unhappy with the problems setting up this second policy, he'll have to discuss this with his broker directly.

my final decision

For the reasons set out above, I'm not upholding Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 September 2018.

Sarah Turay
ombudsman