

complaint

Mr M complained because MCE Insurance Company Limited voided (cancelled from the start) his motorcycle insurance policy.

background

When Mr M applied for his policy he was asked a number of questions. Of relevance to this complaint, he was asked where the motorcycle was kept at his home address. A drop down list gave him 11 options, and he chose "garaged". He was then asked to confirm the structure of the garage and from the five options he chose "brick". MCE agreed to provide the insurance based on this and the other information Mr M provided.

Mr M later claimed under the policy. MCE discovered at that point that the motorcycle wasn't kept in a garage but in a secure car park. MCE thought Mr M had acted recklessly or deliberately when he provided the incorrect information about where the motorcycle was kept. So it voided the policy.

Mr M complained because he feels MCE acted unfairly. He accepts the information he provided was incorrect. But he says it was due to carelessness rather than recklessness or a deliberate act.

Our investigator didn't think the complaint should be upheld. He felt MCE had acted fairly because Mr M hadn't given proper consideration to the question asked or to MCE's definition of garage. Mr M asked for an ombudsman to review the matter.

my findings

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

The first thing I look at in complaints like this is whether or not the policyholder gave the insurer incorrect or incomplete information. I don't need to do that here though because Mr M accepts that he gave MCE incorrect information about where the motorcycle was kept.

I next look at whether the insurer's decision to offer the insurance was affected by the incorrect/incomplete information and whether the policyholder took reasonable care when answering the question. MCE has shown me that its decision was affected – although it would still have insured Mr M if it had known where the motorcycle was actually parked, it would have charged him more for the policy. And I don't think that Mr M took reasonable care when he answered the question. Again, this is something Mr M has largely accepted – he said to us, for example, that he should have been more thorough and that he didn't pay enough attention. The question MCE asked was very clear (as was the definition of 'garage' that was provided) and Mr M probably would have answered it correctly if he'd considered it properly.

The final issue is whether Mr M deliberately gave MCE the incorrect information or whether he acted recklessly or carelessly. For reference, it's automatically careless if it isn't one of the other two.

Mr M has argued that he didn't provide the information deliberately, for example to get a cheaper premium. But on the other hand he's told us that he has previously gone on to

comparison websites and has run different simulations (eg putting in different occupations) in order to find the most competitive offer. He called that market research. But it's the exact thing I often see when policyholders are deliberately trying to manipulate the information they provide in order to get the best price. There might be occasions where there's a valid reason to 'test' the price by putting in various pieces of information. But I haven't seen any evidence of that here. There is only one set of information that is correct, so it rings alarm bells when someone has tried different combinations of information for no apparent reason.

Nevertheless, despite any argument about whether or not Mr M deliberately gave MCE incorrect information, I conclude that he acted recklessly. English isn't Mr M's first language and he called what happened a linguistic barrier – he said that in his language a secured car park like where he parked his motorcycle was a garage. I don't know enough about Mr M's native language to comment on that. But MCE provided Mr M with details of what it meant by garage. So, in my opinion, Mr M acted recklessly in not taking that into account. If there was a linguistic barrier, it's reckless in my view continue without discussing the matter with someone to make sure there are no misunderstandings.

The law that underpins this situation allows an insurer to void a policy and to refuse all claims if a policyholder's recklessness led to incorrect information being provided. With that in mind, I conclude that MCE treated Mr M fairly when it chose to do just that.

my final decision

For the reasons outlined 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 31 January 2019.

Paul Daniel
ombudsman