

complaint

Mr H complains that Southern Rock Insurance Company cancelled his motor insurance policy from the start (voided it) and declined his claim. He wants it to reinstate the policy and indemnify his claim.

background

Mr H had a car accident and when Southern Rock validated the claim it found that he hadn't told it that he'd had a motorcycle insurance policy cancelled previously. Southern Rock said Mr H had deliberately or recklessly misrepresented information so it voided the policy and declined the claim. Mr H said he'd not misrepresented as he didn't think the question asked referred to anything other than car insurance. He also said that Southern Rock hadn't shown that the misrepresentation was deliberate or reckless.

Our investigator didn't recommend that the complaint should be upheld. She thought Southern Rock had asked a clear question about previous cancellations which Mr H had answered incorrectly. She thought it wouldn't have offered cover if the previous cancellation had been declared. So she thought it had reasonably voided the policy and declined the claim. But she thought the misrepresentation hadn't been deliberate but that it had been reckless.

Mr H reiterated that the question he was asked wasn't about non-car insurance. He said he applied for the policy through an online comparison site and the question he was asked differed to that Southern Rock had provided. Mr H asked for his complaint to be reviewed by an ombudsman, so it's come to me for a final decision.

my findings

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

I can understand that this has been a frustrating and financially difficult experience for Mr H and his family.

As the investigator has explained, where a complaint arises from non-disclosure of information important to an insurer, we take into account the relevant legislation. We look to see that it asked a clear question when the policy was taken out. We check that the information given would affect whether a policy was offered. And we check whether the informant has acted carelessly or deliberately in making the non-disclosure.

Mr H bought his policy through an online comparison site. He was asked as part of the application whether any driver on the policy had ever had any insurance voided, amongst other things. He was given the option of answering "yes" or "no", and Mr H selected "no". I've seen two versions of the question asked by this comparison site. The wording varies slightly, but I think the meaning and intention remains the same. The policy Proposal Form also states the question asked about previous insurance history and any voidances and that Mr H had answered "no". But Mr H told us that he'd had a previous motorcycle insurance policy voided.

I can understand that Mr H thought the question referred just to car insurance as this was what he was applying for. But I think this was a misinterpretation. I think the question clearly refers to any type of insurance as it doesn't specify car insurance. I think Mr H should have answered this question "Yes" on the online form. Or, when he noticed it answered incorrectly on the proposal form, he could have corrected it.

So I think Southern Rock asked a clear question about previous voidances of insurance which Mr H answered incorrectly. I don't think Mr H took reasonable care to answer the question. Southern Rock's underwriter has told us that it wouldn't have offered cover at all if it had known about the previous voidance. It's explained that it wouldn't have offered a policy through the online comparison site if Mr H had declared the voidance. So I think that, under the relevant legislation, Southern Rock was entitled to void the policy and decline the claim.

Southern Rock also said that the misrepresentation was at best reckless. I think Mr H was aware of the previous voidance. He was asked a question about voidance of previous insurance. So I think he should have been reasonably aware that this information was important to the insurer. If Mr H was unsure about how to answer the question, he could have asked for advice. So I agree that his providing the incorrect answer was reckless.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 September 2019.

Phillip Berechree
ombudsman