

## **The complaint**

Ms A complains that Watford Insurance Company Europe Limited (Watford) cancelled her insurance and is holding her liable for a claim from a third party, under her motor insurance policy.

## **What happened**

In September 2022 Ms A was contacted by Watford following contact from a third-party claiming that her vehicle had been involved in a collision. Ms A says Watford received a photo of her car from the third-party that she thinks has been altered to show damage. She also says the witness report provided could be from a friend of the third-party. Ms A says that no-one with permission to drive her car was involved in this incident.

Watford says Ms A told it she'd given her cousin permission to drive her car. And that he was driving it on the day of the accident. In its complaint response it says she told it he lived abroad, and she was unsure if he'd arranged insurance to drive the car. Watford says Ms A was asked to provide proof her cousin had insurance, which it didn't receive. It says she also failed to cooperate to allow an inspection of her car for around three months.

Watford says it has a witness statement identifying Ms A's car and putting the driver of her car at fault for a collision with the third-party's vehicle. It says its policy doesn't cover unnamed drivers and so it wasn't indemnifying Ms A for the claim against her. Watford said it would seek to recover its costs. It confirmed it was cancelling Ms A's policy for breaching her policy terms.

Watford says Ms A changed her account of who was driving in mid-December 2022. It says she told it her husband had been driving. She advised that she'd made this mistake as she was a busy mother. Watford says that based on the evidence it wouldn't succeed if it defended the claim in court. This is because Ms A altered her story after several months, had delayed its inspection of the damage, which could've allowed for any damage to be repaired, and there was an independent witness confirming the driver of Ms A's car was at fault.

Ms A thought this was unfair and referred the matter to our service. Our investigator didn't uphold her complaint. She says Ms A's policy terms don't provide cover if her car is being driven by a person not shown on her certificate of motor insurance. She didn't think Watford acted unfairly to cancel the policy as Ms A had breached the terms of her contract.

Our investigator didn't think it was reasonable that Ms A changed her account of who was driving. Particularly as it took her over three months to do so. She thought the engineer's report of the damage identified the possibility that Ms A's vehicle had been involved in a collision. She says the witness statement and photo of Ms A's car provided by the third-party indicated her car was involved in the accident, and the driver of her car was likely to be the at-fault party.

Ms A didn't agree and asked for an ombudsman to consider her complaint.

It has been passed to me to decide.

### **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.

Having done so I'm not upholding Ms A's complaint. Let me explain.

The terms of Ms A's policy say:

*"Section 15 - General Exclusions Applying to the Whole Policy*

*This Policy does not cover the following:*

*1. Any injury, loss or damage occurring while Your Car is being:*

*a) driven by or is in the charge of any person not shown on Your Certificate of Motor Insurance"*

I can see from the records provided that when Watford contacted Ms A about the incident, at the beginning of September 2022, she told it her cousin had been driving. I can see that Ms A has a named driver on her policy. She confirms this is her husband. No-one else is listed on the certificate of insurance.

The records and copy correspondence between Watford and Ms A, show she was asked to provide proof of her cousin's temporary insurance to drive her car. This wasn't provided. However, Ms A did say her cousin told her he hadn't been involved in an accident when driving her car.

In mid-December 2022 Ms A told Watford it was her husband that was driving on the day of the alleged accident. He confirmed he wasn't involved in a collision. I acknowledge Ms A's comments that she made a mistake when saying her cousin was driving. She emphasised that she is a busy mother.

I acknowledge what Ms A says. But it took her over three and a half months to tell Watford it was her husband that was driving on the day of the claim. In these circumstances, given the long delay in changing her account of events, I don't think it's unreasonable for Watford to rely on Ms A's original account of who was driving.

This means that as Ms A told Watford her cousin was driving, there is no cover provided under her policy for the claim made by the third-party.

The records show Ms A was contacted on a number of occasions by Watford to arrange an inspection of her car. Its requests began shortly after it first contacted her about the claim. The records show that Ms A didn't cooperate in order to arrange an inspection. This delayed an engineer attending until the end of December 2022. The claim records say Ms A was concerned that pre-existing damage on her car could mistakenly be related to this incident. I understand this is why she didn't agree to an earlier appointment.

Watford's terms, under the heading *"General Conditions Applying to the Whole Policy"* say:

*"You must cooperate fully with Us on all matters concerning the handling and settlement of any claim. If You do not cooperate with Us, We may cancel Your Policy and/or refuse to deal with Your claim."*

This term is clear. Ms A must cooperate fully with Watford in relation to the handling of a claim. I don't think she did this. This is evidenced by her failure to obtain proof her cousin had insurance. Also, her failure to confirm who was driving the car for over three months. In addition, she delayed an inspection of her car, until over three and a half months after being made aware of the third-party's claim.

Based on this evidence I don't think Watford acted unreasonably when cancelling Ms A's policy.

I acknowledge Ms A's comments that the photo provided by the third-party showing damage to her car's bumper has been altered. Also, that the engineer's report doesn't show that there was damage linked to this incident. Or that a recent repair had been carried out. But I haven't seen evidence that clearly shows the photo was altered. And I don't think the report shows her car wasn't involved in the incident as described by the third-party.

Ms A's policy terms, under the section "*How Your claims are settled*" say:

*"We, as Your insurer, shall be entitled to conduct the defence or settlement of any claim and to instruct the solicitors of Our choice to act for You in any proceedings. In circumstances where it is considered appropriate We will be entitled to admit liability, for the costs covered under this Policy, on behalf of You or any person claiming Indemnity under the Policy. Such admissions may be made prior to or after the commencement of proceedings in relation to any event likely to give rise to a claim under the Policy."*

This is a common term used by insurers. It essentially means it's for the insurer to decide how best to deal with a claim. This doesn't mean the insurer can do whatever it wants. We still expect it to treat its customers fairly.

Watford says that based on the evidence and accident circumstances described, it has no alternative but to accept responsibility for the incident. I note its comments that any argument it might have had has been weakened by Ms A's changing testimony and her delay in allowing an inspection of her car. It says the third-party could argue this was to allow repairs to take place. Watford didn't think it would win the court case, so it acted to minimise the costs involved.

I think the reasons Watford gave for accepting liability on Ms A's behalf are reasonable. The action it took is in line with its policy terms. So, I don't think it behaved unfairly here. Watford says it will look to recover its costs. It has an obligation to deal with the third-party's claim under the requirements of the Road Traffic Act (1988). But as its shown that there was no cover under Ms A's policy in these circumstances, it's able to pursue Ms A for its costs.

In summary, although I accept Ms A has strong views about this matter, I think Watford has shown it behaved reasonably and in line with its policy terms in taking the action it did. So, I can't fairly ask it to do anymore.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 20 August 2023.

Mike Waldron  
**Ombudsman**