

The complaint

Miss M complained that Aviva Insurance Limited, trading as Quotemehappy.com ("QMH"), failed to provide her with accurate evidence of her accumulated no claims discount ("NCD"). And they charged her a fee for cancelling the policy.

What happened

In 2019, Miss M bought a motor insurance policy from QMH. At this point, she had accumulated a NCD of 15 years. But QMH's website only recorded a maximum NCD of 9 years+.

Miss M renewed her policy with QMH in the following two years. She then sold her car and cancelled her policy part way through the cover period. QMH issued a letter showing she had 11 years' NCD.

About 10 months later, Miss M bought a new car and again insured it with QMH. By this time, she had 17 years' NCD. But she declared she had 15 years, as this was the maximum which could be inputted at the time. She also declared she'd have no claims or accidents in the previous five years.

QMH reviewed Miss M's application because she'd said she had 15 years' NCD and because she'd completed the application in various ways, including disclosing two claims which weren't on her final submission. QMH said, had they known about the claims they wouldn't have offered Miss M cover. They offered Miss M the opportunity to cancel the policy before they did so. They charged Miss M a fee of £52.50 to do this. But they explained that, if she cancelled herself, she wouldn't have to declare to any future insurer that she'd had a policy cancelled – which she'd have to do if she left them to cancel it.

Miss M opted to cancel her policy. But she complained to QMH about having to do that. QMH repeated that, if they'd known about the claims she'd included on some of draft applications, they wouldn't have offered her cover.

Miss M wasn't satisfied with QMH's response and brought her complaint to our service. She also told us that she had had 17 years' NCD at the point she'd cancelled her policy. But QMH had only provided her with proof of 15 years.

Our investigator considered the matter. She agreed that QMH should have provided proof of 17 years' NCD – but, at the point she delivered her view on the complaint, QMH had provided this. She said they didn't need to do any more about this. And she concluded QMH had handled the cancellation of the policy fairly and in line with the Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA").

Miss M didn't agree with the investigator's view and said she'd had to pay more for her current insurance as a result of not being able to evidence 17 years' NCD. I've now been asked to make a final decision.

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 that, I'm not upholding Miss M's complaint. I'll explain why.

I understand Miss M's frustration. But I can only say QMH should do more to resolve her complaint if I'm satisfied that they did something wrong – and there's evidence Miss M has been adversely impacted by that.

I've considered the information provided about Miss M's NCD. It's a matter for each insurer how many years' NCD they take into account when offering a policy. I'm satisfied that, when she first bought a policy from QMH, the maximum NCD they took into account was nine years. So, while I agree Miss M had more than this, I think it was fair for QMH to have applied this figure to her policy.

And I think it's most likely that confusion arose because this was QMH's maximum NCD at the time. QMH subsequently changed their criteria. So, when Miss M renewed with them for the following two years without having made a claim, they increased her NCD to 10 and 11 years respectively. At the time Miss M cancelled her policy, QMH had 11 years' NCD recorded.

When Miss M returned to QMH the following year, she said in her application she had 15 years' NCD. QMH queried this - as well as her declaration she'd made no claims in the previous five years, which I'll address below. Miss M contacted them to explain the situation. QMH confirmed that their system was wrong and that she should have 15 years' NCD.

There was clearly an error here. But mistakes do happen. I can see that, once Miss M notified them of the error, QMH very quickly corrected their system and sent Miss M proof of 15 years' NCD. So I'm not satisfied there was any adverse impact caused by having only 11 years' NCD recorded.

There was a second error which existed for longer. After she spoke to QMH and they said they would provide proof of 15 years' NCD, Miss M emailed them to say she actually had 17 years. QMH replied that 15 years+ was the maximum they recorded. This was incorrect; their maximum is in fact 20 years. QMH provided Miss M with proof of 17 years' NCD during the course of the investigation.

Again, QMH have admitted they made an error. I agree that's the case. But I've not seen any evidence that the delay in correcting that error has had an adverse impact on Miss M. She's said she had to pay her current insurer a higher premium. But she's not provided any evidence from her insurer to support what she's said. Nor does it seem she's approached her insurer (now she has proof of 17 years' NCD) to ask if they will recalculate her premium on that basis. In the absence of such evidence, I can't say there's been any adverse impact on her.

Finally, I've considered the cancellation – and specifically the charge that was applied for that. QMH told Miss M they'd decided her policy should be cancelled because she'd incorrectly declared how many years' NCD she had and because she'd failed to declare two claims.

During her call to them, Miss M was told by QMH that the claims declaration was what had most concerned them. And that, if they'd known about the claims, they wouldn't have offered her cover.

What an insurer should do in this situation is governed by CIDRA. CIDRA 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.

And 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.

I've heard a telephone conversation in which Miss M confirmed she had previously included the claims on a version of her application, but not on what she finally submitted to QMH. So I'm satisfied she didn't take care to complete the application accurately and made a misrepresentation. And I'm satisfied the misrepresentation was a qualifying one, because QMH have provided evidence that including the claims would have led to the application being refused.

QMH haven't specifically said how they've characterised the misrepresentation. But in their final response letter, they've referred to voiding the policy and retaining the premiums paid – which is the remedy for a deliberate or reckless misrepresentation. Based on the phone call evidence I reviewed I'm satisfied that was fair.

However, QMH didn't apply that option. Instead they gave Miss M the chance to cancel the policy herself. I appreciate she paid a fee. But QMH have confirmed she would have paid this whether she or they cancelled the policy. And, by cancelling herself, Miss M was able to avoid the situation where she would have had to declare on future applications that she'd had insurance voided or cancelled.

I think that was fair. So I don't think QMH need to do any more to resolve Miss M's complaint.

My final decision

For the reasons I've explained, I'm not upholding Miss M's complaint about Aviva Insurance Limited, trading as Quotemehappy.com.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 August 2023.

Helen Stacey
Ombudsman