

## **The complaint**

Mrs K complains that Covea Insurance plc ("Covea") cancelled her policy without telling her. Mrs K is represented in her complaint, but for ease I'll refer to her throughout. When I mention Covea I also mean the broker who was administering the policy on its behalf.

## **What happened**

Mrs K had a motor insurance policy with Covea, which was taken out through a broker in January 2023.

Covea checked her details against an external database and found that Mrs K hadn't told it about a previous incident involving damage to her car. It says it emailed Mrs K twice about this. Mrs K denies receiving the emails, but she did get a 'welcome' email and customer service questionnaire around this time.

Because Mrs K didn't respond to the emails, Covea cancelled the policy under its terms and conditions giving her seven days' notice. It emailed Mrs K telling her it had done this, and wrote to her.

Mrs K received the letter confirming her policy had been cancelled. She complained to Covea about it cancelling her policy without telling her.

Covea waived the cancellation fee and refunded part of her policy. It said it hadn't placed a marker on databases saying it had cancelled her policy.

Mrs K remained unhappy and brought her complaint to this service. She asks for proof that Covea sent her the correspondence asking for more information. Covea wasn't able to supply these but its system reported that the correspondence was generated.

Our investigator looked into her complaint and thought it shouldn't be upheld. He said Covea had used two different methods to contact Mrs K which is in line with best practice, that on balance Covea had sent the correspondence and its actions were fair.

Mrs K didn't agree with the view and asked that her complaint was reviewed by an ombudsman, so it has been passed to me 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 so, I'm not upholding Mrs K's complaint and I'll explain why as I appreciate this will be disappointing to her.

In considering Mrs K's complaint I've taken a different approach to our investigator in thinking about a relevant piece of legislation about customers such as Mrs K and the information they need to disclose to insurers.

When looking at a complaint where there is a failure to disclose relevant information, I must first consider whether there has been a qualifying misrepresentation under the relevant law which is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA).

I can't see that Covea has considered CIDRA, as its policy wording clearly says that it's entitled to cancel the policy where there's been a failure to correctly declare information. The relevant part of the wording is:

*"We (or your broker) may cancel your policy by sending you seven days written notice to your last known address if we (or your broker) have a good reason for doing so. Some examples of situations where we or your broker might do this include:*

- you providing us with incorrect information, and failing to put this right when we ask you to."*

I've read the policy, but I don't think it fair for Covea to ignore the statutory approach in favour of its own terms and conditions. So CIDRA will be my starting point.

CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out 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.

Mrs K accepts she made an oversight in answering the question. I've looked at the question asked of her and I think it's fair that her answer was carelessly answered. So Mrs K failed to take reasonable care not to make a misrepresentation.

I've gone on to consider whether Mrs K's misrepresentation was a qualifying one. In other words, what would Covea have done differently had it received the correct information from Mrs K when she applied for the cover. It could have ignored the misrepresentation, charged a higher premium, or it may not have offered cover at all.

Importantly in Mrs K's case, I don't think Covea's actions would have resulted in a different outcome. I say this because if Covea simply allowed the policy to continue unchanged, then its policy wording I've mentioned above allows it to cancel Mrs K's policy. This wording is common in the marketplace and it's clear to understand. I think its use is fair.

If, however, Covea wouldn't have accepted Mrs K's application had it known the correct information then the same result would have happened under CIDRA. In other words, her policy would have been cancelled under CIDRA rules.

The third possibility is that her premium was increased by Covea. But CIDRA allows for that and says, if no claim has been made under the policy, then Covea can cancel the policy rather than charge Mrs K the higher premium.

Taking all these into account, I think Covea's action in cancelling Mrs K's policy was fair and reasonable and the outcome reached is the same whether or not Covea followed CIDRA or the path it did.

Mrs K has focused on Covea's proof that the relevant letters and emails were sent to her. I've looked to the evidence provided by Covea which is system-generated records of events like letters and emails being created. Mrs K has complained about the amount of time it took Covea to produce this evidence and its quality. I've looked at the evidence provided by Covea and it's in line with what I'd expect to see, which is records of the dates and times of documents being sent out. As they seem to be standard ('form') letters then the actual correspondence sent to Mrs K might not be stored, but it's the record that they have been produced.

I take Mrs K's point this might mean that the correspondence wasn't actually sent, but I can see that other communications were received by Mrs K around this time. So taking everything into account, I think Covea did reasonably contact Mrs K about her policy and told her it would be cancelled. It's followed best practice in using two methods to contact her.

Having a policy cancelled by an insurer can have a significant effect on a policyholder and Mrs K has mentioned that she needs to tell insurers about this in future. In its final response to her, Covea said *"I can also clarify that the cancellation of the policy has not been classed as enforced, with no markers being applied against your name following the cancellation."*

My understanding of this is that Covea's cancellation of her policy isn't recorded on databases and so Mrs K wouldn't need to tell insurers about the cancellation in the future.

For the avoidance of doubt, I'd ask that Covea write to Mrs K to confirm this point.

I think Covea's actions in cancelling Mrs K's policy were fair and I reasonably think it told her about what it intended to do. It also waived the cancellation fee and provided Mrs K with a partial refund. So I'm not going to ask it to do more.

### **My final decision**

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 3 November 2023.

Richard Sowden  
**Ombudsman**