

The complaint

Mr H has complained that Watford Insurance Company Europe Limited (Watford) unfairly declined a claim he made under his car insurance policy and unfairly cancelled his policy. He also complains that Watford didn't provide a premium refund on cancellation.

All reference to the insurer Watford in my decision includes its agents.

What happened

In June 2022 Mr H bought a car insurance policy through a broker online with the insurer. Watford. Mr H's occupation was a marketing assistant.

In January 2023 Mr H was involved in a collision with another vehicle. On investigating the claim, Watford discovered that Mr H had become a fast food delivery driver around July 2022 but hadn't told it. Watford said if it had known about this occupation, it would have given Mr H notice to cancel his policy as it didn't provide cover in these circumstances.

As it didn't provide cover, and Mr H hadn't told it about the change, Watford said it wouldn't provide indemnity for the claim. This meant it wouldn't cover the damage to Mr H's car.

Mr H complained about Watford's decision - and he was unhappy that when it cancelled his policy, he didn't receive a full premium refund.

Watford said that as liability for the incident was in dispute, it would keep the claim open for six months in case it received a claim from a third party. This is because under the Road Traffic Act, as the last insurer, it is obliged to deal with any valid third party claim.

Watford said that if no claim was made, its outlay costs were zero and Mr H's No Claims Bonus was allowed, it would then provide a balance premium refund.

Watford told Mr H its decision to decline the claim for failing to tell it about his occupation as a delivery driver was correct.

Mr H asked us to look at his complaints. Our Investigator didn't recommend they should be upheld. She found Watford had acted reasonably.

Mr H didn't agree. He has raised new complaints which he needs to first raise with Watford - and/or the broker.

As Mr H doesn't agree, the case 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.

My decision deals with the complaints raised against the insurer, Watford, which it responded to on 24 March 2023 and 6 April 2023.

Mr H explained that he has a disability which means he experiences memory problems. He says Watford - and we - haven't taken this into account when considering his complaints.

Insurers provide insurance based on a number of risk factors. Ultimately an insurer decides what risk it wishes to take on, depending on their appetite for that risk. This is why we see a wide range of prices on comparison websites using the same set of details we have input when seeking car insurance.

We don't think it is unfair for an insurer to remove cover mid-way through a policy, provided it can show that it made it clear under the policy what it needed to know about immediately, and that it gives a customer reasonable notice of cancellation so that they can obtain alternative insurance elsewhere.

Mr H's policy with Watford set out the following when he bought his policy in June 2022;

"The Terms of Your Policy and premium are based on the information You have given us. If any of this information changes You must notify Us by calling Your broker. Below are some examples of what You should tell us. Please note these lists are not exhaustive and You should contact Your Broker if You are unsure about whether You need to inform Us of a change. Any changes to Your Policy will be subject to Our agreement and may not be acceptable, therefore please contact Your Broker for guidance on changes You wish to make..."

You must tell Us immediately if:

...You or anyone covered by this Policy ceasing or changing jobs, or starting a new job, including any part- time work;"

Mr H told us he received notice of cancellation, so I'm satisfied that - with the above policy wording - Mr H was made aware of Watford's intention to cancel the policy in these circumstances.

I've also noted that under his certificate of Insurance, Watford highlighted the limitations of use. The certificate says it excludes cover for *"hire or reward for fast food delivery driver or courier"*

I understand Mr H says he told the broker about his occupation as a delivery driver. This is something Mr H will need to contact the broker about as it doesn't form part of this complaint against Watford.

When we look at what an insurer did, we look at what the policy says as well as what is good industry practice. It is standard industry practice that if there is a potential claim involving a third party, an insurer will keep a claim open for six months in case a third party claim is made. And where a claim is made, the full year's premium is due as an insurer has met its obligations under the contract.

Watford confirmed in its response dated 6 April 2023 that if in six months' time there was no claim resulting in outlay costs, and Mr H's NCB was allowed, it would provide a refund of premium. If Mr H is unhappy about any delay in providing that refund - after 27 July 2023, this is a new complaint which he will need to raise first with Watford.

From what I've seen, I think Watford acted reasonably and in line with the policy. I appreciate that Mr H is very unhappy with the circumstances of the incident. And I've taken into account what Mr H says about his disability. But I find that Watford has fairly declined to provide indemnity for the claim which has now been closed. Based on all of the information provided, and the complaints I can consider within this decision, I'm not upholding Mr H's complaints.

My final decision

My final decision is that I don't uphold the complaints which Watford responded to on 24 March 2023 and 6 April 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 December 2023.

Geraldine Newbold
Ombudsman