

The complaint

Mrs and Mr G complain that Hiscox Insurance Company Limited (Hiscox) has unfairly refused a claim they made on their home insurance, and also cancelled their policy and treated it as never existing. They want Hiscox to reinstate the insurance and pay the claim, and compensate them for the trouble they've experienced.

What happened

Mrs and Mr G approached Hiscox in August 2022 to make a claim related to a water leak in their home. Hiscox agreed to assess the claim. As part of that, Hiscox checked Mrs and Mr G's financial records and found that Mrs G had a county court judgement registered against her in 2016.

Hiscox told Mrs and Mr G that if it had known about this it would never have provided cover as this was against its underwriting policy. It pointed out that there had been a clear question about CCJs in the information collected when the policy was sold in 2020 and this was answered incorrectly. Hiscox said that it was going to apply the rules covering the provision of information by customers ("CIDRA"), which meant it would cancel the policy back to the date it was first purchased and treat it as if it never existed. It said it would refund any premiums Mrs and Mr G had paid, but would not meet the claim.

Mrs and Mr G complained, saying that the CCJ had been settled after a court hearing in 2018 but that this hadn't been updated properly in their financial records.

Hiscox didn't change its position, so Mrs and Mr G asked us to review the complaint.

Our investigator concluded that Hiscox had taken appropriate steps. He said he'd checked Hiscox's underwriting conditions and that they said that if there was a CCJ recorded – whether satisfied or not – Hiscox wouldn't have offered cover. He thought the actions taken were in line with the provisions contained in CIDRA. He didn't recommend the complaint be upheld.

Mrs and Mr G remain dissatisfied with this so I've been asked to decide the complaint.

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.

I'm not going to uphold this complaint, for much the same reasons as our investigator gave. But I will comment on how I've come to this decision.

Insurers rely on customers providing accurate information when they both buy or renew an insurance policy. They use that information to decide whether to provide cover and if so on what terms. Each insurer will have a different risk appetite, laid down in a set of underwriting rules.

In this complaint, Hiscox says its underwriting rules say that it will not provide cover to

anyone who has a CCJ registered against them – whether that CCJ has been settled or not. That's a commercial decision Hiscox is entitled to make, and as such I can't say it's unfair, even if other insurers might provide cover in Mrs and Mr G's circumstances.

When an insurer finds that it's been given incorrect information, CIDRA provides a number of options it can select, depending upon whether it finds that a customer deliberately withheld or provided false information, or whether this was a careless mistake.

In this complaint, Hiscox has taken the steps laid out in CIDRA for someone making a careless mistake.

I've thought carefully about the question Hiscox asked about CCJs in its paperwork – which Mr G completed through his broker. The question clearly asks if Mrs or Mr G – as the people covered by the policy – have ever been the subject of a CCJ. From what I've seen and heard in phone calls the broker said at the time that he'd found a CCJ against Mrs G, which Mr G said must be a mistake. He went on to answer the question as "no", when in fact there was a CCJ recorded.

I appreciate that Mr G argues that the settlement of the CCJ hadn't been correctly recorded when it was settled in late 2018 after a court hearing. But I don't think this affects my decision.

I accept that Mr G misinterpreted the question at the time. But there's nothing in the question that suggests it's acceptable to answer "no" if a CCJ has been settled. I think that Mr G was told that the CCJ existed by his broker, and he could have taken the time to check out what the latest position was regarding this. Instead he answered the question as "no". I think that Hiscox has fairly interpreted this as a careless mistake.

The remedies available to Hiscox in these circumstances say that if Hiscox would never have provided cover it can "avoid" the policy. That's cancelling it back to inception, treating Mrs and Mr G as never being insured and refunding any premiums paid. That's what Hiscox has done, and I'm satisfied it's applied the rules fairly.

Mr G says that refusing cover to anyone who has a dispute with a business that results in a CCJ is being unfairly treated if the CCJ is settled after a court hearing. I don't know the exact details of Mrs G's CCJ, but I can't say this affects my decision. This complaint isn't about whether CCJs are recorded and/or settled or removed, and I can't comment on issues that don't form part of this complaint. I can say that Hiscox's underwriting rules mean it won't insure anybody who has had a CCJ, and I've not seen anything that says a settled CCJ will be disregarded.

Taking everything into account I'm not upholding this complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 10 August 2023.

Susan Peters
Ombudsman