

## Car Insurance Claim Refused

This fact sheet is for information only and a p

### Main ideas

- There are some valid reasons for an insurer to refuse a claim.
- If your insurer refuses your claim, you should check that it was refused correctly.
- You can complain to the insurer if you don't agree with their decision
- If the insurer still refuses to accept the claim, you can complain to the Australian Financial Complaints Authority – a free and independent complaints service.
- You may need to get your own expert evidence to argue against the insurer's decision, and against any findings the insurer's assessor or expert has made.
- Get legal advice if you don't agree with the insurer's refusal.

### In this fact sheet:

#### [Get details about why your claim was refused](#)

#### [4 options if your insurance claim has been refused](#)

1. Complain to the insurer's Internal Disputes Resolution process
2. Complain to the Australian Financial Complaints Authority
3. Apply to a tribunal or go to court
4. Do nothing

#### [4 reasons the insurer may refuse your claim](#)

1. Non-disclosure
2. A policy condition or exclusion clause
3. Cancelled policy
4. Fraud

### Get details about why your claim was refused

As a consumer, you have a right to responsible and transparent information. If you are not satisfied with the way your insurer has handled your claim, you can complain to the Australian Financial Complaints Authority (AFCA) or go to court.

- **Get legal advice if you're having trouble reading your policy or if you think the wording is unfair or confusing**

### 4 options if your insurance claim has been refused

## 1. Complain to your insurer's internal dispute resolution (IDR) department

## 2. Complain to the Australian Financial Complaints Authority (AFCA)

## 3. Apply to a tribunal or go to court

Get legal advice from a solicitor in your state about this option

## 4. Do nothing

You could give up and accept the insurer's refusal. Get legal advice if you're not sure what to do.

This fact sheet covers the 4 most common reasons.

### 1. Non-disclosure

You must tell the insurer about things that could affect the risk. Examples:

**Examples**  
When you buy a car, you must tell the insurer about any modifications. If you don't, they can refuse your claim or charge a higher premium. Get legal advice immediately if your insurer alleges fraud, it can have other consequences.

### What happens if there is non-disclosure?

There are 2 types of non-disclosure:

- Innocent non-disclosure** - the insurer has to show you were unaware of the information.
- Fraudulent non-disclosure** - if your insurer alleges fraud, it can have other consequences.

### Examples:

- You bought your car second-hand and you didn't know it had been modified, so you answered 'no' when the insurer asked if the car had any modifications. If you had told them, they still would have given you insurance, but would have charged you a higher premium. In this case, the insurer cannot reject your claim because of non-disclosure (but they can require the higher premium).
- You failed to tell the insurer about something that happened during the period of cover. The insurer can only refuse or reduce your claim if it can show your non-disclosure has disadvantaged them. For example, if you start using your car for ride-share, and the insurer can show they would not have continued to cover you.

### What to do if your claim has been refused because of non-disclosure

If your claim has been refused because of non-disclosure, you should:

- Details about what information they think was not disclosed.
- Details about how they explained your duty of disclosure.
- Written evidence that they would have charged a higher premium.

When you have the information, work through the insurer's internal dispute resolution process.

## 2. A policy condition or exclusion clause

Insurance contracts may contain exclusion clauses which prevent the insurer from paying a claim. Examples

What to do if your claim has been refused because of a policy exclusion or condition

Examples:

- The tyres on your car are unroadworthy. Another car runs into your parked car. The insurer cannot use the unroadworthy car exclusion to avoid paying because the car tyres made no difference to how the accident happened, or how much damage it caused.
- Your car has been modified and you have not told the insurer. The car was burnt out in a bushfire. The insurer cannot refuse the whole claim because the car had been modified. The insurer has to pay the claim, but they may not pay to replace modified parts if they cost more than the standard parts (because you didn't tell the insurer about the modifications before the policy was taken out or renewed).
- Your policy doesn't cover drivers under 25 years old. You start having a heart attack while on a bushwalk with your 23 year old son, and your son has to drive you to the hospital in your car. There's an accident on the way. The insurer should not refuse to pay because the action was necessary to protect someone's safety.

3. Cancelled policy

Insurance may be cancelled by the insurer if you change your details. What to do if your policy is cancelled

If your insurer tells you they have cancelled your policy, you should get legal advice.

You can complain to AFCA if you think it was unfair. 4. Fraud

What to do if you are being investigated for fraud

Get legal advice immediately

Need more help?

Visit our Useful Links page for a list of other resources.  
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