

The complaint

Mr M complains about Accredited Insurance (Europe) Ltd's ("Accredited") decision to decline his claim under his car insurance policy.

Accredited are the insurers of Mr M's policy. Part of this complaint concerns the actions of an agent. As Accredited have accepted they are accountable for the actions of the agent, any reference to Accredited includes the actions of the agent.

What happened

Mr M's van was broken into, and his spare car key was stolen. Mr M called Accredited to report this and asked if he could get his car locks changed. Mr M says Accredited agreed and also explained he could cancel the claim if he decided to get it done privately. Mr M says, around two weeks later, and while he was waiting for Accredited to contact him about changing the locks, his car was stolen. Mr M reported this to Accredited but they explained, when Mr M first called to report the theft of his car key, he should've been informed this wasn't covered under his policy. Accredited said their separate 'Key cover' provides cover for a replacement key and lock changes, but Mr M's policy didn't have this. Accredited apologised for any confusion caused but explained they weren't under any obligation to take any further action at the time of the first call. Accredited explained they declined the claim for the theft of Mr M's car as he hadn't taken reasonable steps to adequately safeguard his car between the date his car key was stolen to the date his car was stolen.

Mr M complained about Accredited's decision as he claimed his car was stolen while he was waiting for them to change the car locks. Accredited responded and again apologised they didn't inform Mr M, during the first call, that he didn't have a policy for key cover. Accredited explained, during this call however, when the call handler discussed Mr M's excess, Mr M confirmed he wanted to put any claim on hold while he obtained quotes to get the car locks changed privately. Accredited said, they then didn't hear back from Mr M until he reported his car stolen.

After considering all of the evidence, I issued a provisional decision on this complaint to Mr M and Accredited on 26 February 2023. In my provisional decision I said as follows:

"My starting point is Mr M's car insurance policy booklet. This sets out the terms and conditions and under the heading 'General conditions' and sub-heading 'Taking care of your car' it says, "You or any insured driver must take all reasonable steps to...protect your car from loss or damage." Accredited say it's Mr M's responsibility to take steps to ensure his car is protected from any loss and damage – and in this case that meant changing his car locks as his key had been stolen. So, I've looked to see whether their decision is fair and reasonable in the circumstances.

The main area of dispute relates to what was agreed during the first call. Accredited accept their call handler didn't explain to Mr M that he didn't have cover to replace his key or to change his car locks. But the dispute here relates to what was agreed in relation to the next steps, in particular, whether Accredited would start dealing with the claim or whether Mr M would first find out about changing the locks privately. I've

listened to this call and Mr M explains his car key has been stolen from his van and this was then used to break into his car also. He says his car key has been taken so "I'll probably need the locks changing in case they come back." The call handler explains he'll take details and will pass the matter through to a team that will decide how to proceed with the claim. The call handler then gives Mr M the claim reference number.

There's then a discussion about the excess and the call handler explains it's £300. Mr M then says, "Is it worth me checking how much the cost of this is without going through insurance rather than paying £300 excess?" The call handler replies "possibly..." and explains how this would be treated as a fault claim and the impact on renewal. The call handler says, "It could potentially be worth you having a look elsewhere to see if you could do it privately" and Mr M says "Right ok, erm ok yeah, no problem, I'll have to have a look, erm, I didn't realise it was going to be that much. I didn't think I was going to have to pay the full £300 excess for this." Mr M then says "Right ok, so how long, I mean, would that only be against me if I followed through with it completely, or is that following through with it from this call?" The call handler explains, if Mr M follows through with the claim completely, then it would be recorded as a fault claim. The call handler explains if Mr M was to only inform Accredited of the incident, then it would be recorded for information purposes only. Mr M then says "Right, so even if you carry on with it from today but I can get prices and stuff and then I decide against it, I can still cancel the claim?" The call handler confirms that's the case as long as Mr M cancels the claim before Accredited start paying things out. Mr M then asks "How long would I be waiting for the decision on this?" The call handler explains "usually within 24 to 48 hours" The call handler then says "I'll get this all marked up just now for you and we'll be in contact shortly there for you."

Accredited say that, during the first call, Mr M mentioned on two occasions that, rather than making a claim against the policy at that time, he would prefer to get some quotes to replace the car locks privately. Accredited say Mr M then asked the call handler if he could cancel the claim and the call handler explained he could. They also refer to Mr M asking how long he would be waiting for a decision, and he is informed it would be 24 to 48 hours. Accredited say it's clear Mr M was firstly going to place the claim on hold while he got quotes.

They say they were therefore waiting for Mr M to come back to them to let them know if he wanted to proceed with the claim or whether to go ahead with his own private quotes which he was going to obtain. Accredited say, if Mr M had got back in contact to say he wanted to proceed with the claim, it would then have taken 24 to 48 hours to tell Mr M if the claim was accepted or not. Accredited say, the next time they heard from Mr M it was to report his car stolen. On the other hand, Mr M says, at no point during the call, did he ask Accredited to cancel the claim and his understanding was that Accredited would be coming back to him with a decision on his claim.

I've carefully considered both parties' accounts and their understanding of what was agreed during the call. Having listened to the call, I disagree with a number of points made by Accredited. Firstly, I don't agree that Mr M, at any point, explicitly says he would rather obtain quotes himself privately than make a claim on the policy. I say this based on the sequence in which things are explained and agreed during the call. The call handler explains they'll pass the claim through to a handler who deals with theft claims and they'll probably contact Mr M if they have any questions. The call handler then gives Mr M a claim reference number. So, at this point it's reasonable for Mr M to think a claim has been set up.

A discussion then takes place about the excess, and I agree Mr M is clearly mindful of the cost of this. Mr M does then appear to lean towards obtaining his own quotes when he says, "Right ok, erm ok yeah, no problem, I'll have to have a look, erm, I didn't realise it was going to be that much..." But there's two points here which persuade me that Mr M was still, understandably, expecting his claim to be taken forward. Firstly, knowing that a claim has been set up on Accredited's system, he doesn't at any point ask them to place it on hold. Secondly, it's clear Mr M is concerned about how far into the process he's able to go before it gets recorded as a fault claim, and the excess becomes payable. And when Mr M is told the fault claim only gets recorded if he continues with the claim completely, it's his next comment which I find particularly persuasive when deciding what I think has been agreed here. Mr M says, "Right, so even if you carry on with it from today but I can get prices and stuff and then I decide against it, I can still cancel the claim?" I'm persuaded by Mr M's testimony that he wanted Accredited to continue with the claim and he would decide whether to obtain quotes knowing that he can still cancel the claim.

And I think Mr M became further reassured about continuing his claim when the call handler confirms Mr M can cancel the claim up until they start paying things out. I think it's also important to make reference to Mr M's next comment which is, "How long would I be waiting for the decision on this?" I think this suggests Mr M wants Accredited to continue with the claim and he's now asking how long it will take for them to make a decision. I note Accredited believe the call handler's response to this question was on the understanding that when Mr M returns and confirms he wants them to proceed, then it would take 24 to 48 hours. But I don't believe that's the case here because neither Mr M, when asking his question, or Accredited, when answering the question, qualify their comment by saying 'if Mr M decides to proceed with the claim'. And I think that was because both were of the understanding that Mr M was asking Accredited to pursue his claim and not placing it on hold while he decides whether to obtain his own quotes privately.

The call handler's comment at the end of the call further persuades me that the understanding and agreement between Mr M and the call handler was that Accredited would be taking the claim forward. The call handler says, "I'll get this all marked up just now for you and we'll be in contact shortly there for you". I think, in the proverbial sense, this places the ball firmly in Accredited's court because the call handler, in saying this, implies the next steps will be taken by Accredited and will involve them contacting Mr M. If the understanding here, on the part of the call handler, was that the responsibility rests with Mr M to get back in touch with Accredited to confirm whether he wants to proceed with the claim, then I don't see why the call handler would've ended the call by making the comment they did.

I've also thought about Mr M's own actions here and what I believe, on the balance of probabilities, this shows. During the call, Mr M explains he has bought a steering lock to protect his car until the locks are changed. I think this demonstrates Mr M promptly taking all reasonable steps to protect his car. So, had the understanding between Mr M and the call handler been that the claim should be placed on hold while Mr M obtains quotes privately, I don't believe Mr M would've left it two weeks without taking any steps to get his car locks changed. Mr M buying a steering lock the same day he realised his car had been broken into shows that he didn't want to delay taking any steps to protect his car. So, I believe it's more likely than not, the fact that he didn't take any steps to change his car locks after the call, shows that he was fully expecting to hear back from Accredited with an outcome to his claim. And given what I've said above, I believe that Mr M's expectation in this respect was understandable and reasonable in the circumstances.

Taking this all into account, I intend to ask Accredited to reconsider Mr M's claim for the theft of his car. I acknowledge that Mr M's policy didn't cover him for a change of locks but, during the first call, Mr M is given a clear impression that he can make a claim for a change of locks. Following this, and at no point prior to Mr M's car being stolen, is this information corrected. So, while the policy might not cover a change of locks, I think it was understandable for Mr M to rely on what he was being told during the first call. And, given that I've explained why I don't think it was unreasonable for Mr M to believe Accredited were dealing with his claim, I understand why he didn't take any action to change his car locks. On this basis, I don't think it's fair for Accredited to decline Mr M's claim on the basis that he failed to take reasonable steps to or adequately safeguard his car from the time his key was stolen to the date his car was stolen. I can see the error has had an impact on Mr M – he's been left upset, worried and frustrated by Accredited declining his claim on the grounds they have. So, Accredited should also pay £200 compensation to Mr M."

So, subject to any further comments from Mr M or Accredited, my provisional decision was that I was minded to uphold this complaint and require Accredited to reconsider the claim and pay compensation.

Following my provisional decision, both parties have confirmed they accept the decision. Given that both parties have responded, I see no reason to delay making 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, and with both parties accepting the decision, I see no reason to depart from my provisional decision. So, I've decided to uphold the complaint for the reasons set out in my provisional decision and copied above.

Putting things right

I've taken the view that Accredited declined Mr M's claim on grounds which are unfair and unreasonable in the circumstances. So, Accredited should reconsider Mr M's claim for the theft of his car further, in line with the remaining terms and conditions of the policy. It is of course open to them to make any other further enquiries they feel are necessary, but I don't think it's reasonable for them to use the arguments they have to decline the claim. Accredited should also pay Mr M £200 compensation for the upset, worry and frustration caused.

My final decision

My final decision is that I uphold the complaint. Accredited Insurance (Europe) Ltd must take the steps in accordance with what I've said under "Putting things right" above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 April 2023.

Paviter Dhaddy
Ombudsman