

The complaint

The estate of Mr D complains about the proposed settlement offered by Accredited Insurance (Europe) Ltd for a claim under their buildings insurance policy.

Mr D and Mrs P have brought the complaint on behalf of the estate of Mr D. For ease I shall refer to them below.

All references to Accredited also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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 agree with the conclusions reached by the investigator for these reasons:

- As a commercial customer, under the Insurance Act 2015 it is the responsibility of the customer to make a fair presentation of the risk.
- The rebuild value of the property was provided by Mr D and Mrs P, via their broker, was £140,000. Mr D and Mrs P said they obtained this figure from documentation relating to the estate of Mr D, but I've not seen anything that specifically lists this figure as a rebuild cost.
- Accredited have provided calculations from the Royal Institute of Chartered Surveyors (RICS) generated with measurements of a drone survey it commissioned of the property. This shows the rebuild costs to be around £425,000.
- Accredited have provided information from its underwriter, I can't detail what this information says as it is commercially sensitive. However, I can confirm it shows if an accurate rebuild value had been provided, Accredited would have still offered the policy, but at a higher premium.
- Under the Insurance Act 2015, Accredited are therefore able to offer a remedy as a qualifying breach has occurred. One of the remedies available is to offer a proportionate settlement. Which is what Accredited have done here. And considering everything available to me, I don't think it has acted unreasonably in doing so.

So for these reasons, I do not uphold this complaint.

Putting things right

Accredited initially calculated its proportional settlement on the proposed rebuild costs, however I can see it has since recalculated these on the proportion of the correct premium paid, as recommended by our investigator. I think this is reasonable in the circumstances.

My final decision

My final decision is that I do not uphold the estate of Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr D to accept or reject my decision before 21 June 2023.

Michael Baronti
Ombudsman