

## The complaint

Miss V has complained that Accredited Insurance (Europe) Ltd ('Accredited') avoided her home insurance policy (treated it like it never existed) and refused to pay a claim.

## What happened

Miss V took out a home insurance policy with Accredited through a broker. Miss V made a claim following a water leak at the property. When Accredited assessed the claim, it decided Miss V didn't live at the property. So, it said she had answered the question incorrectly about occupancy of the property. It said had it been aware she didn't live at the property, it wouldn't have offered the policy. It said it considered this to be a deliberate/ reckless misrepresentation, which entitled it to refuse all claims and void the policy.

When Miss V complained to this service, our investigator didn't uphold it. She said it was reasonable for Accredited to decide that Miss V had made a qualifying misrepresentation.

As Miss V didn't agree, the complaint was referred to me.

I issued my provisional decision on 6 June 2023. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

*The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.*

*And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.*

*CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.*

*Accredited thinks Miss V failed to take reasonable care not to make a misrepresentation when she said she lived at the property.*

*I've looked at the policy documents. The Statement of Fact said the property was Miss V's main residence. Following an investigation by Accredited into the claim, it concluded that the property wasn't Miss V's main residence. I asked Accredited a number of questions about its investigation, including about the discrepancies it said it had identified, the weight it had put on some of the evidence and that Miss V had complained about the behaviour of the investigator and that Accredited seemed to allow the investigator to investigate this himself. Accredited didn't respond to the questions. Based on the evidence I've currently seen, I don't think I can fairly conclude that Miss V failed to take reasonable care. I think there were a*

*number of issues with how the claim was investigated and that Accredited hasn't shown why its investigation and the conclusions it reached were reasonable.*

*However, even if I had reached the conclusion that Miss V hadn't taken reasonable care, I haven't seen evidence that it would have been a qualifying misrepresentation. In other words, I haven't seen evidence that it would have made a difference to whether Accredited offered the policy. I asked Accredited to provide its underwriting information, so that I could consider whether it was a qualifying misrepresentation. Accredited said it couldn't provide this information because it didn't have access to it. So, I haven't seen evidence that shows it would have affected whether Accredited offered the policy and, if so, in what way. As a result, I'm currently unable to conclude that it was reasonable for Accredited to avoid the policy and to decline the claim.*

*So, I currently intend to uphold this complaint and to require Accredited to remove references to its avoidance from internal and external databases, reinstate the policy and to consider the claim. I've also thought about compensation. I'm aware that Miss V has been impacted by the way her claim was handled and how it was investigated. So, I currently intend to say that Accredited should pay her £200 compensation.*

*This is my provisional decision. If I am provided with evidence that addresses the issues I have raised, I might reach a different outcome.*

I asked both parties to send me any more information or evidence they wanted me to look at by 4 July 2023.

Accredited provided what it said was its underwriting criteria. It also provided some comments, which in summary said:

- It was a household policy so it wouldn't have provided cover had it known Miss V didn't live at the property and that it wasn't used for residential purposes.
- It referred to some policy conditions related to change of use of the home and Miss V's responses in the policy documents on whether she lived at the property.
- It explained again how its investigator had assessed occupancy and how this compared to another property it thought Miss V lived at.
- It said there was no absolute requirement for the adjuster to record a meeting. The adjuster had prepared a statement and Miss V was able to amend it.
- It said it was difficult to credit that the adjuster bullied Miss V given that her own loss assessor attended the meeting and didn't support the bullying allegation.
- It said Miss V was now on her third loss assessor, having seemingly fallen out with the first two. Although Accredited wouldn't automatically assume what the neighbour said was true, it said it was entitled to draw an inference from their evidence and it did seem she had a habit of dismissing people who didn't agree with her. It pointed to some comments Miss V had made about the initial complaint to this service as further evidence of this.
- Even if it did conclude there was cover in place, the claim would be excluded because of the unoccupancy condition, which was relevant because it was some time before Miss V realised there was damage, as evidenced by the mould growth and discrepancies over when the loss was said to have happened.

Following this, I asked Accredited to confirm whether what it had provided was its underwriting document, as it didn't appear to be. I also asked it some questions about the documents it had provided. Accredited then sent its underwriting document and its endorsement wording.

Miss V acknowledged receipt of my provisional decision but didn't provide comments about the decision itself.

### **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 uphold this complaint and for the reasons given in my provisional decision. As part of that I have considered the comments and documents provided by Accredited. I was already aware of most of the information Accredited provided when I made my provisional decision, including about how it assessed occupancy and about Miss V's loss assessors. I was also aware that one of Miss V's loss assessors had said Accredited's investigator hadn't bullied her, although I note it was the investigator himself who asked the loss assessor this, rather than something Accredited investigated. Accredited also seems to be suggesting the property was used for business purposes. I'm aware the property used to be a business but haven't seen evidence that it was a business while Accredited was the insurer.

In my provisional decision, I said I didn't think I could fairly conclude Miss V failed to take reasonable care. This was because I thought there were a number of issues with how the claim was investigated and that Accredited hadn't shown why its investigation and the conclusions it reached were reasonable. In my view, the additional information provided doesn't fully address the concerns I raised with Accredited about how it investigated the claim, including the weight it put on issues and the discrepancies it identified. So, I remain of the view that I can't fairly conclude that Miss V failed to take reasonable care.

However, I will also focus again on the issue of misrepresentation. It is only after repeatedly asking Accredited that it has now provided its underwriting document. At first it said it didn't have access to it. It then sent a document that it now says wasn't its underwriting criteria and has since sent its underwriting document and the related endorsements.

The main issue in this complaint was whether it was fair for Accredited to decide Miss V had made a misrepresentation and to cancel the policy. In order for it to do so, it had to be a qualifying misrepresentation. In other words, if Miss V made a misrepresentation, Accredited needed to show it would have made a difference and, if it did, what that difference was.

I have read the underwriting document. It included a list of reasons to decline cover. None of these related to unoccupancy. I also read each part of the underwriting guide that referred to unoccupancy. This included the general underwriting guidelines, which said that it would cover most non-standard household risks including unoccupied properties.

I also read the section that covered unoccupied properties. I didn't read anything that said unoccupied properties would be declined. In addition, I checked the unoccupied property endorsements referred to in that section. Again, I didn't read anything that said cover wouldn't be provided at all, although some referred to reduced cover and various protections that should be in place. So, I still haven't seen evidence that it was a qualifying misrepresentation that entitled Accredited to cancel the policy. As a result, I don't think it was reasonable for Accredited to cancel the policy and to decline the claim.

I'm aware Accredited has also now said that if the property was unoccupied, it might have applied some endorsements to the policy. However, Accredited didn't take that action and this wasn't part of this complaint. I therefore haven't considered this, as I don't consider that it is relevant to me making a decision about whether Accredited's decision to cancel the policy was reasonable.

## **Putting things right**

Accredited should remove references to the policy's avoidance from internal and external databases, reinstate the policy and consider the claim. It should also pay Miss V £200 compensation.

## **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require Accredited Insurance (Europe) Ltd to:

- Remove references to the policy avoidance from internal and external databases
- Reinstate the policy
- Consider the claim
- Pay Miss V £200 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 22 August 2023.

Louise O'Sullivan  
**Ombudsman**