

The complaint

Mr and Mrs L complained about Accredited Insurance (Europe) Ltd. They aren't happy about the way it dealt with a potential claim and the subsequent cancellation of their motor insurance policy.

What happened

I looked at this case and provided my initial thoughts in my provisional decision as follows;

Mrs L was driving her car when she was involved in an incident when a pedestrian fell into the side of her car and onto the floor in early November 2022. The police attended the scene and waived her on as they weren't concerned that Mrs L had caused the incident or was at fault in any way.

About six weeks later the police made contact with Mr and Mrs L about the incident and they subsequently made Accredited aware. It went onto tell them that it was cancelling the policy as Mrs L didn't tell them about the incident and Accredited said it would decline any claim. As Mr and Mrs L weren't happy about this they complained to Accredited highlighting that they weren't aware that they had to tell Accredited about the original incident as there was no suggestion they were at fault. Accredited maintained the cancellation of the policy was fair, that the premium for the policy was due because of the potential claim but it did apologise for saying it wouldn't deal with any possible claim.

Unhappy with Accredited's response Mr and Mrs L approached this Service. Our investigator looked into things for them and partly upheld their complaint. She thought Accredited had made the policy documentation available to Mr and Mrs L which made it clear they needed to tell Accredited about the incident. And that Accredited hadn't acted unreasonably in looking to cancel the policy and eventually accepting that it would be responsible for any claim if it was made. But she thought it should refund the premium for the policy from the point of cancellation as there hadn't been a claim under the policy.

As Accredited didn't agree the matter has been passed to me for review.

What I've provisionally 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 that the complaint should be partly upheld, I'll explain why. I know Mr and Mrs L weren't aware that they needed to let Accredited know about the incident but whenever an incident occurs the insured is obliged to tell their insurer about this.

As it took them six weeks to tell Accredited about the incident it decided to cancel the policy which it is entitled to do. It was good that Mr and Mrs L were able to cancel the policy themselves and go on and get cover elsewhere.

Mr and Mrs L aren't happy that Accredited has looked for them to pay the full yearly premium as it feels there could be a claim made against the policy. While I understand this the possibility seems remote at this stage as nearly a year has passed since the incident took place. And Mr and Mrs L have been told by the police that there isn't any case to answer and they are being treated solely as witnesses.

While the matter has been with me for decision I've checked again with Accredited if there has been any claim and it has confirmed there hasn't been any claim made. And I've spoken to the officer in the case who has confirmed that Mrs L and Mr L are solely witnesses in this case and there is no suggestion that they have done anything wrong here. And so, given the passage of time and the fact there hasn't been any claim to date it would seem fair for Accredited to refund the premium from the date of claim, so Mrs and Mr L only pay for their time on cover. Although I must make Mrs and Mr L aware that if a claim was to be made then Accredited would be entitled to recover the full yearly premium from them.

Finally, it must have been worrying for Mrs and Mr L to be told they wouldn't be provided with cover by Accredited at what must have been a particularly worrying time for them. It was good that Accredited reverted back and explained it would cover any potential claim quite quickly, but I think it would be fair to pay £100 in compensation for the worry and stress caused to Mrs and Mr L at a particularly difficult time.

Replies

Mrs and Mr L acknowledged the provisional decision and indicated that they agreed with the position outlined.

While Accredited repeated that the statute of limitations that applies to the incident allows for the injured party, or their relatives in this case, to bring a claim up to three years from the date of the incident. Accredited also says it has a duty to review the file and feels it would be inappropriate to close it within 12 months of the incident occurring. And says to change its review process, or step outside of this, would treat customers unfavourably.

Accredited went onto highlight that as far as it is aware police enquiries are ongoing in that their report is unavailable. And highlight that it feels potential charges could be brought against the customer and so feels its position remains the same. And it doesn't feel that any compensation should be paid as Mrs and Mr L didn't report the incident.

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 remain of the view that the complaint should be upheld. I don't propose to rehearse the arguments and detail of this case again, but I will flag a few key points in response to Accredited's further representations.

I accept that a claim can be brought for a three-year period after the incident and occasionally claims can be brought late, but I don't think it is fair to leave claims open indefinitely. And in this case a year has passed since the incident date and there is no suggestion that there will be a claim made in this incident from any party. Although the circumstances surrounding the case are unusual Mrs and Mr L left the scene as there was never any suggestion they had done anything wrong which was corroborated by the attending police at that time. And generally, although not always, I would expect Accredited to have been made aware of a potential claim by now (over a year after the incident).

Accredited has said it would normally review this incident after a year, but a year has now passed since and it hasn't undertaken such a review which I would've expected it to do. I've already highlighted that if for any reason there is a change in this case and a claim is made then Accredited can revisit the claim; mark any claim accordingly; and request payment of the full year premium from Mrs and Mr L. So I don't think there is anything wrong in looking to act in a fair and reasonable way and looking for Mrs and Mr L to simply pay their time on cover at this stage as a claim seems unlikely and the position can be revisited at a later stage, if required.

Finally, I know Accredited doesn't feel Mrs and Mr L should be awarded any compensation here as they didn't report the incident. But even though the likelihood of a claim being made seems remote, it must've been very worrying to have been told, incorrectly, that a claim wouldn't be covered. And I feel it is only fair that they should be compensated for this alongside the apology Accredited has already provided.

As such, I'm satisfied, given the passage of time and the information that is known to date about the incident, that it would be fairest for Accredited to refund the premium from the date of cancellation, so Mrs and Mr L only pay time on cover. And pay £100 in compensation for the clear stress and inconvenienced caused. And I'll reiterate, for completeness, that Accredited would be entitled to recover the premium if a claim was to be made for any reason.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require Accredited Insurance (Europe) Ltd to refund Mrs and Mr L their premium from the date of cancellation and pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 6 December 2023.

Colin Keegan
Ombudsman