

The complaint

Miss H complains that Accredited Insurance (Europe) Ltd treated her unfairly when she claimed on her home insurance policy. Accredited has sought comment from the broker of the policy, but as that has been provided on their behalf, and for ease of reading, I have only referred to Accredited.

What happened

Miss H made a claim in August 2023 for an escape of water at her property. The claim was accepted, but Accredited told her they wouldn't pay it in full because they didn't think she'd answered the application questions correctly in relation to her roof.

Accredited said Miss H ought to have informed them that part of her roof was flat, and that if she'd done so they would've charged her more for the policy. Accredited considered this to be a misrepresentation under the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA, the Act) and so reduced the claim value proportionately.

Miss H didn't think that was fair and brought her case to our service. An investigator here looked into the matter, he said the claim should have been paid in full because of limitations in the renewal documentation sent to Miss H in 2023. He also said compensation of £200 was fair.

Miss H replied to say she agreed that would be a fair outcome. But, Accredited disagreed. They said Miss H was responsible for telling them part of her roof was flat and failed to do so, meaning that they considered it reasonable to apply a proportional settlement.

Agreement couldn't be reached so the case was passed to me to decide.

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.

As this case relates to CIDRA, I am required to consider whether or not Miss H was asked a clear question about her roof and – if she was – whether she took reasonable care not to misrepresent the facts.

If I think she took reasonable care, then there cannot be said to have been a qualifying misrepresentation under the Act, and therefore Accredited can't reduce the claim settlement payment.

However, if I don't think Miss H took reasonable care, then I would find Accredited to have acted reasonably.

Having considered the matter very carefully, I have decided that Miss H took reasonable care, I'll explain why.

Miss H took out insurance in 2022, but the claim arose after the policy had renewed in 2023.

In view of this it is important for me to consider the renewal process, because it represents a new contract, and so in this case the Act applies to what happened in 2023.

Miss H was sent a statement of facts for her policy renewal in 2023. It laid out the importance of providing accurate information and set out the potential consequences of not doing so. In that respect, I'm satisfied it was clear.

Under the section entitled 'property details' it had the statement "*Percentage of building with flat roof:*" with a blank space next to it. That isn't a question as such, and other statements are also blank, which indicates that isn't necessarily a problem that needs addressing. I don't consider this to count as being a clear question.

If the insurer knew it had incomplete information, and knew that might be a problem, I think it's reasonable to say they ought to specifically seek out the answers. I think this is even more pointedly the case due to the document also stating: "*the property does not have a flat roof more than 50% of the total roof area*". That is factually correct, because the section of roof in question was around 25% of the total area.

In view of the above, I don't think it can be said that Miss H misrepresented the make up of her roof. Based on the statement of fact alone, she could quite reasonably have assumed the insurer had all the detail they required already.

That said, I am mindful of Accredited's argument that they consider Miss H would've misrepresented the make up of the roof regardless of the statement of fact. They say this on the basis that Miss H, when later questioned during the claim period, still said the roof wasn't flat – although she says that's because they told her another part of the roof was flat.

Ultimately, if Accredited had asked a clear question at renewal, Miss H may well have understood the need to declare the dormer extension. But that isn't the test here, rather the Act requires me to consider whether a clear question was asked – and it wasn't. It is also of note that Accredited hasn't demonstrated a clear question was asked by the broker in 2013 either. That means Miss H didn't fail in her duty of reasonable care.

Because I don't consider Miss H to have failed in her duty of reasonable care, she hasn't made a qualifying misrepresentation under the Act. It follows that Accredited were unreasonable to say she did, and so it was also unfair of them to consequently reduce her claim settlement in the way they did.

Putting things right

Accredited should settle Miss H's claim in accordance with the policy terms and without making a deduction for misrepresentation. They should add interest at the rate of 8% per annum simple, from the date of loss to the date of payment (unless the claim is settled by way of repairs being carried out). In the circumstances, Miss H can decide how the claim is settled – in terms of monetary payment or repairs.

If they have not already done so, Accredited should pay Miss H £200 compensation for distress and inconvenience caused by this matter.

My final decision

It is my final decision that I uphold this complaint. I require Accredited Insurance (Europe) Ltd to settle the matter as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept

or reject my decision before 27 March 2024.

Will Weston
Ombudsman