

## **The complaint**

Mrs E has complained that Accredited Insurance (Europe) Ltd (AIE) unfairly declined her home insurance claim for theft and voided her policy (treated it as though it had never been in existence).

AIE appointed a claims handler to deal with the claim on its behalf. All references to AIE in this decision should be read as including the claims handler.

## **What happened**

Mrs E took out a home insurance policy with AIE and made a claim after her home was burgled in December 2022. She said jewellery, cash and several other items had been stolen. Damage had also been caused to her property.

AIE repaired the damage to her property. It also appointed a jewellery expert to validate the claim. Mrs E claimed for 149 items of jewellery. She said they were mostly low value items and could be classed as costume jewellery. AIE said the items contained precious metals or stones and had all been undervalued. Based on descriptions, valuations, photos and receipts provided by Mrs E, the jewellery expert said her valuables were worth £48,644 in total. As AIE wouldn't have offered Mrs E cover if it had known the true value of the items, it decided to void the policy and return the premiums Mrs E had paid.

Mrs E disagreed. She thought the items were worth just over £9,000 in total. As she had told AIE the items weren't worth more than £10,000, she didn't think she had failed to take reasonable care in assessing the value of her jewellery.

She then provided 22 copies of webpages in support of her case that some items had been over-valued. As a result AIE reduced the valuation of the stolen items to £46,421.

After a long telephone call between the jewellery expert and Mrs E to discuss some of the items claimed, the expert revised its valuation down to £30,581. AIE didn't change its decision to void the policy.

Mrs E referred her complaint to this service. Our Investigator recommended it be upheld. He thought AIE should discuss and revalue all the items with Mrs E and change its actions to comply with the relevant law if required. He also thought AIE should pay Mrs E £100 compensation.

Both parties accepted our Investigator's recommendation in December 2023. However, as matters have not moved on since then, the complaint has been referred to me.

## **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.

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.

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.

AIE thinks Mrs E made a careless misrepresentation when she answered that her valuables weren't worth more than £10,000 when taking out the policy. I can't decide whether AIE treated Mrs E fairly in taking such action without knowing how much the valuables were actually worth. So I need to decide whether AIE treated Mrs E fairly in the way its valuation was carried out. I don't think it did and I'll explain why.

It is worth noting that when Mrs E sent AIE's expert detailed information regarding the valuation of 22 out of the 149 items, the expert appears to have accepted her evidence and adjusted the valuation accordingly. Often the difference between them seems to be that what Mrs E has described as "white metal" or "yellow metal" were assumed to be silver and gold respectively by AIE's expert.

To date Mrs E has only had the opportunity to discuss with AIE's expert a relatively small selection of the items she's claiming for. Those discussions have resulted in the original valuation being reduced by over £18,000 which is more than a third. So, I think it's only fair that she has the chance to explain to the expert in more detail the provenance and a description of the remaining items claimed for and for them then to be revalued by the expert so that both parties can have greater confidence in the accuracy of the final revaluation.

Upon receipt of the revised valuation AIE should take whatever action it is entitled to in accordance with CIDRA.

I can see that AIE has caused Mrs E much trouble and upset by not giving her the opportunity to challenge the valuation of all her stolen jewellery. I agree with our Investigator that the sum of £100 is appropriate to compensate Mrs E for this. I appreciate that she will have suffered further stress by having her policy voided with the consequent difficulty in obtaining cover. But at this stage I don't have enough information to say that the avoidance was unfair.

### **Putting things right**

To put things right I think AIE should:

- give Mrs E the opportunity the chance to discuss with its jewellery expert in detail the remaining items claimed for and for them then to be revalued by the expert;
- upon receipt of the revised valuation take whatever action it is entitled to in accordance with CIDRA; and
- pay Mrs E compensation of £100 for trouble and upset.

### **My final decision**

I uphold this complaint and require Accredited Insurance (Europe) Ltd to take the action set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 8 April 2024.

Elizabeth Grant  
**Ombudsman**