

The complaint

Mr F complains Accredited Insurance (Europe) Ltd unfairly declined his motor insurance claim.

Accredited has been represented at points by an agent. For simplicity I've referred to the agent's actions as being Accredited own.

What happened

In October 2022 Mr F made a claim against his Accredited motor insurance policy. He said his car had been on fire. Accredited arranged for it to be taken to its approved repairer (AR). Mr F says he didn't hear anything from the insurer until he made contact in February 2023. He says at that point Accredited told him the car would be repaired. By April 2023 Mr F was frustrated with continued lack of progress with the claim so raised a complaint.

In May 2023 Accredited issued a complaint final response. It said engineer inspections found the vehicle's head gasket to have blown because of a lack of coolant. It said there had been steam but no smoke – so no fire. It explained the damage to be a mechanical fault or wear and tear. Those aren't covered by the policy. So Accredited declined the claim.

Accredited also explained why it had taken from October 2022 to May 2023 to reach that decision. In summary it said its AR had been slow and unresponsive. In a later response Accredited accepted it could have done more to update Mr F and manage his expectations. It offered him £75 compensation to recognise that poor service.

Mr F didn't accept that outcome, so referred his complaint to the Financial Ombudsman Service. He said his policy covers him against fire so his claim should be paid. He's unhappy about how long it took to decide the claim and being left without his car for so long.

Our Investigator felt Accredited's decision to decline the claim was fair and reasonable. However, she was of the opinion it had taken too long to reach, and inform Mr F of, that decision. She felt that had unfairly left him without the use of his vehicle for a prolonged period. She said this had a sizable impact on him. So recommended Accredited increase its compensation award from £75 to £450.

Accredited didn't respond to the assessment. Mr F didn't accept it. He felt the cause of damage was fire, so the claim should be paid. As the complaint wasn't resolved it 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.

Mr F's policy covers his vehicle against accidental or malicious damage. He says the car was damaged by fire. So the claim should be accepted and his car repaired.

However, Accredited's referred to the following policy exclusion to decline the claim – 'We will not pay for any of the following:

'Depreciation, wear and tear, mechanical, electrical and electronic breakdowns or failures, or equipment or computer malfunctions'.

Having considered the available evidence I can't say Accredited's decision to decline the claim is unfair or unreasonable.

Mr F describes black smoke coming from the car, with flames and melting. But Accredited's AR and its engineer, having inspected the car, found no evidence of fire damage. Instead a blown head gasket was diagnosed. Both the AR and the engineer are of the opinion it would have been steam escaping from the blown head gasket that Mr F incorrectly believed to be smoke. Based on the failed head gasket Accredited consider the issue to be a mechanical failure – and so excluded by the terms of the policy.

I've considered Mr F's description of events, the vehicle and his account of what he was told by the AR. However, he hasn't provided any expert evidence to support his position. Photos of the engine don't show any obvious signs of fire damage, including the melting Mr F referred to. So considering the evidence it seems most likely there was a mechanical fault.

In its complaint response Accredited said a lack of coolant cause of the head gasket to blow. Mr F's denied the car was lacking coolant. Even if there wasn't a lack of coolant, I haven't seen persuasive evidence of fire. I'd still be persuaded the damage was most likely a mechanical failure. So I'd still find Accredited's decision to decline the claim to be fair and reasonable.

It took Accredited around six months to assess the car and decline the claim. That's several months longer than I'd expect. Accredited's passed the blame on to its AR. However, as the provider of the insurance Accredited is ultimately responsible for its actions and the delay.

I've considered the impact of the delay on Mr F. He's explained how being without a car caused him inconvenience. I've found the decision to decline the claim reasonable. So I can't say Accredited should have repaired and returned it earlier. But Mr F should have been informed of the decline months earlier than he was.

I don't know what would have happened differently if he had been told earlier – he may have used his own funds to get the car back on the road. I also consider it possible Mr F was entitled to a courtesy car under the policy terms. Even if he wasn't Accredited should have realised, because of the performance of its AR, the claim was taking an unreasonably long time to progress – and so offered him a courtesy car. So ultimately, I'm satisfied Accredited is responsible for Mr F being unfairly left without the use of a car for several months.

Mr F hasn't reported any significant additional expenses as a result. He has though explained the inconvenience being without a car caused him. He hasn't said he had access to another car. He's explained how a medical condition makes walking more than short distances difficult. He found it difficult to get to medical appointments. He had to use public transport and rely on friends for lifts. Considering the circumstances I agree with the Investigator that £450 (including the £75 already offered) in total is fair compensation to recognise the impact of Accredited's failure on Mr F across several months.

My final decision

For the reasons given above, Accredited Insurance (Europe) Ltd needs to pay Mr F a total of £450 (including the £75 already offered) compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 9 May 2024.

Daniel Martin
Ombudsman