

The complaint

C, a company, complains about a claim it made on its Accelerant Insurance Europe SA/NV UK Branch ('Accelerant') trade credit insurance policy.

C says that Accelerant asked it for unnecessary information about its claim which caused it considerable inconvenience in circumstances where the claim was always going to be declined.

In this complaint C is represented by Mrs C, but I shall refer to all submissions as being C's own for ease of reference.

In this decision all references to Accelerant include their claims handlers.

What happened

C had a trade credit insurance policy which was underwritten by Accelerant. It was a term of that policy that legal action must be taken against the party that owned a debt to C within 30 days of a debt collection agency being notified.

C made a claim on its policy for a debt owed to it by a third party in June 2023. Accelerant have said that in order for the claim to be one they would have accepted, C would have needed to take legal action against the third party by 4 May 2023. As a result, C's claim was eventually declined for this reason.

Before declining the claim, Accelerant asked C for a variety of information, including emails providing the third party's payment history and Proof of Debt from the third party's Liquidator. It was only after C supplied everything requested that Accelerant declined the claim, which took four months in total. C's complaint is that it was put to unnecessary inconvenience when Accelerant could have declined its claim from the outset.

Our investigator considered C's complaint and thought it should be upheld. She said that Accelerant should pay C £100 for the inconvenience it was put to in gathering information she thought was unnecessary. C doesn't think this goes far enough to compensate it for the trouble it was put to. Accelerant hasn't responded to the investigator's view, so the matter has been passed to me to determine.

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 am upholding C's complaint for broadly the same reasons set out by the investigator.

The starting point is the policy terms. Condition 2i(d) states that 30 days after registering an insured debt with a collection agent, C must have instigated legal action, otherwise Accelerant will have no liability to C.

When C submitted its claim to Accelerant, I think that Accelerant could have established on the basis of the information provided, fairly early on, that C had not instigated legal action against the third party by 4th May 2023. The claim was after all made on the policy in June 2023, after the expiry of the cut off point. Despite that Accelerant continued to ask for further information such as emails supporting the third party's payment history and Proof of Debt from the third party's Liquidator. I don't think this was needed and I agree with C that it was put to unnecessary inconvenience to provide this information when Accelerant could have declined its claim much sooner than they did.

Accelerant have said that the information requested was so that their claims adjuster could ensure the policy terms and conditions were complied with, but I don't think it matters whether any other exclusions were applicable when it ought to have been reasonably clear from the outset that the condition I've cited wasn't complied with. So, I think Accelerant did something wrong here in putting C to task to supply information that would not have made a difference to the outcome of its claim.

Turning now to how Accelerant should put things right. In this case C's says that it was caused many hours of inconvenience to supply the information Accelerant requested and that an award of £100 does not go far enough to compensate it for its time.

We would generally expect there to be a degree of inconvenience to a policyholder when making a claim. Part of the process requires policyholders to supply information to help validate whether cover can be provided. So, I've taken that into account when considering an appropriate award. I've also thought about the fact that C is a company so cannot suffer stress or frustration. And when considering an award for inconvenience to a commercial entity, we wouldn't usually take into account the cost of the time to it on commercial terms. That's because our awards are not intended to compensate commercial entities for time lost away from other commercial work. Rather our award limits are intended to recognise the impact the inconvenience has had on a policyholder in their unique circumstances. In this case C hasn't made any submissions that make me think the impact of providing the information was more significant than general administrative inconvenience. So, whilst I appreciate that C feels that the sum of £100 is too low, it does in my view go far enough to recognise the impact of Accelerant's actions and broadly accords with our approach to similar failings by businesses.

Putting things right

Accelerant should pay C £100 for the inconvenience caused to it by requesting information it didn't need to decline its claim.

My final decision

For the reasons set out above, I uphold C's complaint against Accelerant Insurance Europe SA/NV UK Branch and direct it to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 11 June 2024.

Lale Hussein-Venn
Ombudsman