

The complaint

Mr S complains that Accelerant Insurance Europe SA/NV UK Branch unfairly declined his claim and voided his Commercial Combined insurance policy.

Where I refer to Accelerant, this includes the actions of its agents and claims handlers for which it takes responsibility.

What happened

In September 2023, Mr S made a claim under his policy following an electrical fire at his business premises. He provided Accelerant with all requested information, and he was offered an interim payment of £10,000.

But in November 2023, Accelerant declined the claim and voided the policy. It said, when taking out the policy, Mr S hadn't disclosed that the premises wasn't open for business. And had it known, it wouldn't have offered terms.

Mr S disputed this; he said the premises was open. He raised a complaint, which he brought to our service.

Despite several requests, Accelerant didn't provide us with any information to support its decision. So our Investigator upheld the complaint. She recommended that Accelerant reconsider the claim and pay £150 compensation for the distress caused.

Mr S didn't think £150 compensation fairly reflected the impact Accelerant's actions had on him. He's told us he saw his doctor around the stress he was experiencing and he had emergency dental treatment due to grinding his teeth. He wants the lost interest on the interim payment offered as well as the remaining claim settlement, and a refund of premiums.

Accelerant responded in April 2024 to confirm that Mr S' claim had been accepted and an interim payment of £30,000 had been offered. It's now told us Mr S is happy with the outcome thus far, but Mr S says he hasn't received the interim payment yet and he remains dissatisfied. So the complaint has been passed to me to make a final decision.

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.

Given the developments in this case, I don't need to make a finding on whether Accelerant's decision to decline Mr S' claim and void his policy was fair. But, for the avoidance of doubt, it wasn't.

I say this because I've not been provided with any evidence to show Mr S failed to give a fair presentation of the risk at the point of sale, as required by the relevant law – the Insurance Act 2015. And I've not seen underwriting criteria to support that any failure amounted to a

qualifying breach. Accelerant hasn't even confirmed whether it believes any failure was deliberate, reckless, or otherwise – which will determine what recourse it can take under the Act.

I'd expect Accelerant to know that when taking action this severe, it needs to provide evidence to support its position. And it's disappointing to see that it's failed to engage with our service throughout this process.

As a result of Accelerant's actions, Mr S' claim wasn't dealt with for six months. And for four of those months, he believed it wouldn't be covered at all and his policy had been voided. I've no doubt this would've caused him a great deal of distress and inconvenience, at a time when things were already difficult for him due to having a fire at his business premises.

Whilst no amount of money can erase the experience Mr S has been through, I need to decide what amount of compensation fairly reflects the impact Accelerant's actions have had.

I understand Mr S sought medical advice from his doctor due to the stress he was under, and medication was provided. He attributes this stress to Accelerant's actions. I don't dispute this; as I've said above, I'm certain this experience would've caused distress. But the doctor's notes provided indicate that Mr S has been experiencing significant work-related stress since the summer – which was prior to the claim. And I expect the fire itself would've added to this stress also – so I can't fairly say this was solely as a result of Accelerant's actions.

Mr S has also provided a letter from his dental practice to show he sought treatment in December 2023 as a result of stress related clenching and grinding. But, for the same reasons as above, I can't fairly say this was solely in relation to what Accelerant did.

That said, I'm satisfied Accelerant's actions were a contributing factor to Mr S' stress. And for this he should be compensated. I've let both parties know that I think compensation should be increased to £450 to recognise the impact Mr S experienced from having his claim declined and policy voided. And the inconvenience he was put to in having to evidence that he didn't fail to give a fair representation of the risk. Having considered the submissions from both Mr S and Accelerant, I remain of the opinion that this is a fair amount to put things right.

I'm aware Mr S has asked for a refund of premiums. But as I'm directing Accelerant to reinstate his policy and reconsider his claim – which it's already doing – he does need to have paid for the policy cover.

I've also thought about Mr S' request for lost interest on the interim payments and final claim settlement. But I'm only looking into what's happened up until January 2024 when Accelerant issued its final response, and that complaint is whether it was fair for Accelerant to decline the claim and void the policy. I'm not making a finding here that the claim should be accepted, only that it shouldn't have been declined on the reasons it was.

That said, now that the claim is being paid, if Mr S is unhappy about the amount he's received or the lost interest on that amount due to the delays caused, he should raise a new complaint to Accelerant directly in the first instance.

My final decision

For the reasons I've explained, I uphold this complaint and direct Accelerant Insurance Europe SA/NV UK Branch to:

- reinstate Mr S' Commercial Combined insurance policy;
- remove all record of a policy voidance;
- reconsider this claim under the remaining policy terms;
- pay Mr S compensation of £450 in recognition of the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 10 June 2024.

Sheryl Sibley
Ombudsman