

## **The complaint**

Mr A complains that Accredited Insurance (Europe) Ltd has unfairly refused to pay a claim in full under his motor insurance policy.

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

## **What happened**

In August 2023, Mr A took out a motor insurance policy underwritten by Accredited Insurance, through an online price comparison site. He made a claim on his policy in January 2024 following an incident which caused damage to his vehicle.

Accredited Insurance said Mr A answered the questions about his annual mileage and use of his vehicle incorrectly. And if he had given the correct information, it would've charged a higher premium. It considered this to be a careless qualifying misrepresentation which entitled it to settle Mr A's claim proportionally.

Mr A doesn't think this is fair. He says the mileage of his vehicle isn't what caused the accident, so he doesn't understand why this has impacted his claim. He says there was no guidance available on the website about how to determine what his future mileage is likely to be, and previous insurers haven't raised this as an issue with him before. He raised a complaint, which he brought to our service.

Our Investigator didn't think Accredited Insurance had acted outside the policy terms or unfairly. So she didn't uphold the complaint.

Mr A didn't agree. He believes he's been discriminated against and wishes to take the complaint further. So it's been 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.

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.

And if a consumer fails to do this, the insurer has certain remedies it can take 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.

Accredited Insurance says Mr A failed to take reasonable care not to make a misrepresentation when he estimated his annual mileage and when he answered what the car would be used for. I'll deal with each of these points in turn.

### *Mileage*

When taking out the policy, Mr A was asked for his total annual mileage. Accredited Insurance has provided us with a screenshot of the relevant webpage showing the question and supporting information Mr A would've seen to help him answer it. This shows the following:

*What's the total annual mileage?*

*>I don't know my mileage*

*You can find the amount of miles driven in a year on the car's latest MOT certificate. Adjust this if you think more or fewer miles will be driven this year. Try and give an accurate estimate.*

*>Try our mileage calculator*

Mr A selected 5,000 and his answer is shown within the statement of fact.

I understand Mr A's vehicle had done 38,413 miles when it had its MOT in December 2022. And when it had an MOT the following year in December 2023, it had done 54,821 miles. This means Mr A had driven 16,408 over the year, averaging 1,367 miles per month.

When Mr A had his accident in January 2024, three weeks after his MOT, he'd done an additional 920 miles, which supports the monthly average above. So, in the course of his policy with Accredited Insurance which had been in place for five months, Mr A had likely driven 6,835 miles – which is more than his estimate for the year.

Based on this, I'm satisfied Mr A misrepresented his annual mileage. And given the information available on the website, I'm persuaded Mr A had enough information available to enable him to answer this question correctly.

I appreciate Mr A says his mileage didn't cause the accident. And no one is saying it did. But his estimate of how many miles he's likely to drive over the course of his policy period is one of the factors that an insurer uses to decide how big of a risk he poses. For example, if someone doesn't drive often or very far, they're less likely to have an accident than someone who drives regularly or for long distances.

Accredited Insurance has used Mr A's mileage to calculate the risk and it has charged Mr A a premium based on his answer of 5,000 miles. It says that if Mr A had answered correctly, it would've charged a higher premium. So Mr A has effectively underpaid for his insurance policy which is why the settlement for his claim has been impacted – which I'll explain in more detail below.

### *Vehicle use*

When taking out the policy, Mr A was asked what he uses his car for. Accredited Insurance has provided a screenshot of the question and the information available when the options are clicked on. This says:

*Car usage*

*What do you use the car for?*

*>social only covers normal day-to-day driving, but not driving to or from a place of work.*

*>social and commuting covers everyday driving, and also covers your commute to a permanent place of work.*

*>business use covers all of the above, plus business driving away from the normal place of work.*

Mr A selected social and commuting. And this is shown on his policy certificate which says:

*“Use for social, domestic and pleasure purposes, including commuting to a permanent place of work.”*

However, when Mr A spoke to Accredited Insurance in January 2024 regarding his claim, he said he drives to other shops to provide cover where needed. So he commutes to more than just one permanent place of work and he should've selected business use.

Based on this, I'm satisfied Mr A misrepresented his vehicle use. And I'd persuaded he was given enough information when taking out the policy to understand the levels of cover available.

Again, whilst this didn't impact the accident which caused Mr A's vehicle to be damaged, it does impact the policy premium he was charged.

For the reasons I've explained above, I'm satisfied Mr A has made two misrepresentations when he took out his policy. Accredited Insurance has shown us that if Mr A had answered these questions correctly, it would've charged a higher premium. So I'm satisfied the misrepresentation was a qualifying one.

I don't think Mr A gave incorrect information deliberately or recklessly – which would have more severe consequences. I agree with Accredited Insurance that it's most likely these misrepresentations were careless.

I've looked at the actions Accredited Insurance can take in accordance with CIDRA. And in these circumstances where a higher premium would've been charged and a claim has been made, Accredited Insurance are entitled to pay the claim proportionally.

As Mr A has only paid 54.1% of the premium he should've paid, I think it's fair and reasonable for Accredited Insurance to limit the claim settlement to 54.1% of the overall cost.

I'm sorry to hear Mr A feels he's been discriminated against. I'd like to reassure him that I've seen nothing within Accredited Insurance's files to suggest this is the case. As I've explained in my decision, Accredited Insurance has followed the standard procedure for misrepresentations under the relevant law. And I'm not persuaded he's been treated any differently to any other customer.

## **My final decision**

For the reasons I've explained, I don't uphold this complaint.

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

Sheryl Sibley  
**Ombudsman**