

The complaint

Mr W complains that Accredited Insurance (Europe) Ltd voided his home insurance policy and refused to pay his claim.

This complaint involves the actions of agents for whom Accredited is responsible. Any reference to Accredited includes its agents.

What happened

Mr W took out a home insurance policy with Accredited through a price comparison website. Following an escape of water at his home, he made a claim to Accredited for the damage.

Accredited sent a surveyor to inspect the damage. Based on the surveyor's findings, Accredited declined the claim. Mr W asked for a copy of the report and Accredited took two weeks to provide it. Mr W sent more evidence and Accredited continued to decline the claim, so Mr W complained.

Accredited agreed that it had not considered the claim fairly and that it had taken too long. It agreed to re-open the claim and it paid Mr W £300 to apologise for its poor service.

Accredited later found that Mr W had failed to disclose three previous claims when he bought the policy. It thought Mr W had made a careless, qualifying misrepresentation, which entitled it to void the policy, decline the claim and return the premiums. So, this is what it did.

Mr W complained and gave his reasons for not disclosing the claims. Accredited didn't change its stance but acknowledged that it had failed to tell Mr W about the voidance. It paid Mr W £100 to apologise for this.

Mr W didn't think this was fair, so he referred the matter to the Financial Ombudsman.

Our investigator looked into the complaint and didn't think it should be upheld. Mr W didn't agree with our investigator's view. He didn't think he needed to disclose all the previous claims and he didn't think it was fair for him to face such severe consequences for not doing so.

Because Mr W didn't agree, his 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.

I'm not upholding the complaint for broadly the same reasons as our investigator. I appreciate this will be deeply disappointing for Mr W and I'm sorry it isn't the outcome he was hoping for. I've focused my comments on what I think is most relevant. If I haven't commented on a specific point, it's because I don't believe it affects what I consider to be the right outcome.

The relevant law here is the Consumer Insurance (Disclosure and Representations) Act 2012 which I'll refer to as CIDRA. This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (an insurance policy). The standard of care expected is that of a reasonable consumer.

If a consumer fails to take reasonable care, the insurer has certain remedies as long as the misrepresentation is – what CIDRA calls – a 'qualifying' misrepresentation. For a misrepresentation to be 'qualifying', the insurer has to show that it would've offered the policy on different terms, or not offered it at all, were it not for the misrepresentation.

CIDRA sets out some considerations for deciding whether the consumer failed to take reasonable care. And the actions an insurer gets to take under CIDRA depend on whether the misrepresentation was deliberate or reckless, or careless.

Accredited thinks Mr W failed to take reasonable care when he answered a question about previous claims. The question asked:

"Have you or anyone living at the property made any home insurance claims or suffered any losses in the last 5 years?"

There was information provided alongside the question, which said:

"You must include any incidents that resulted in items being stolen, injury to other people, or damage to property. You should include incidents even if you didn't make a claim and regardless of whether you were paid for a claim."

The claims that Accredited thinks Mr W should have disclosed were an accidental damage claim from May 2018, an accidental damage incident from May 2020, and an escape of water claim from March 2020, which was made by a relative. Having considered the claims and the arguments provided, I agree with Accredited that Mr W failed to take reasonable care.

The first claim fell within the five-year window by two days. Mr W asked Accredited for leniency, and it said the claim still should have been disclosed. While the claim was only just inside the five-year window, it was still inside it. I don't think it would be fair for me to say that the claim could have been left off only because it was near to being more than five years old. I agree with Accredited that it needed to be disclosed.

Regarding the incident in May 2020, Mr W said he spoke to his insurer about making a potential claim. He chose not to do so because of his policy excess. I understand his insurer left the claim open for 14 days and then closed it when Mr W didn't get back in touch. Mr W thought he didn't need to disclose this because he didn't make a claim. Accredited said all

incidents reported to insurance companies need to be disclosed whether a claim is made or not.

The question asked about claims and losses. The guidance alongside the question instructed Mr W to include incidents even if they didn't lead to a claim. Mr W spoke to his insurer about the incident and they made a record of it. As it fell within the scope of the question, I agree with Accredited that it should have been disclosed.

The third claim was made by one of Mr W's relatives living at the property in 2020. Mr W didn't live there at the time. He moved in later after he bought the property from the relative. Mr W says he built an annex in the garden where the relative now lives. He says the relative doesn't have access to the main house, so he didn't consider them to be 'living at the property'. Accredited said the relative was still part of the household and the policy covered outbuildings.

I have sympathy for Mr W. The claim did not involve him and he didn't live at the property when it happened. But the question asked not only for his claims history, but the claims history of anyone living at the property. While the relative lives in an annex, I haven't seen anything to suggest the annex is separate to the extent that it has its own legal status or would reasonably be considered its own standalone property. It's still on the grounds of Mr W's property. The relative also lived in the main house for a part of the five-year window. I think 'anyone living in the property' ought reasonably to have included the relative living in the annex, so I think their claim should have been included.

However, even if I took a different view, I should explain that the outcome would be the same. I say this because Accredited has provided its underwriting criteria to show that it would not have offered the policy if it had known about the previous claims – and this would be the case even if the third claim were left out. I can't share the underwriting criteria with Mr W because it's commercially sensitive. But Accredited has shown that it would not have offered cover, so I'm satisfied the misrepresentation was a qualifying one.

Accredited treated Mr W's misrepresentation as careless. I think this was fair as I haven't seen anything to suggest he acted deliberately or recklessly. So, I've looked at the actions Accredited was allowed to take in accordance with CIDRA.

CIDRA says that if a customer makes a careless, qualifying misrepresentation, and the insurer wouldn't have offered cover, then the insurer can void the policy, decline all claims, but must return the premiums. This is what Accredited has done. So, I'm satisfied its actions were in accordance with CIDRA. As CIDRA reflects our long-established approach to cases like this, I think allowing Accredited to rely on it is fair and reasonable in the circumstances.

There were times when Accredited failed to handle the claim promptly and fairly. Accredited declined the claim without carrying out a proper investigation and it didn't consider whether Mr W would have known about the leak. I understand why Mr W has said he was made to feel like he was lying, which would have been frustrating and upsetting. Accredited took too long at times. And it failed to tell Mr W that it had voided his policy, which would have been shocking and confusing.

Accredited has paid Mr W a total of £400 to apologise for its mistakes. This amount is in line with our published guidelines for compensation awards and is therefore in line with what I would have awarded. While Accredited provided Mr W with poor service at times, I don't require it to pay more than it has already paid.

Overall, I'm satisfied Accredited has voided the policy fairly and in line with the relevant law. I'm also satisfied it has paid an appropriate amount of compensation to recognise its mistakes. So, I won't be telling Accredited to do anything further to resolve the complaint.

Once again, I'm sorry to give Mr W unwelcome news.

My final decision

For the reasons given, I do not uphold Mr W's complaint about Accredited Insurance (Europe) Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 January 2025.

Chris Woolaway

Ombudsman