

## The complaint

Mr J complains that Accredited Insurance (Europe) Ltd has treated him unfairly when settling a claim made on his commercial vehicle insurance.

## What happened

Mr J made a claim on his policy following an accident in October 2023. When the claim was settled, Accredited made two deductions to the settlement value.

Accredited said when the policy was taken out, Mr J recorded the annual mileage he would complete as 5000 miles and the price of the policy was based on this. When the accident happened, the mileage on the vehicle compared to the most recent MOT details showed it had completed around 6500 miles in a six-month period. Based on this, it said the annual mileage was likely to be around 13000 miles.

Accredited calculated what the cost of the policy would have been had it had this information provided when the policy was taken out. It said this resulted in an increase in the premium it would have charged. The price Mr J had paid meant he'd only paid 73% of what the premium would have been. As a result it was only going to pay 73% of the claim value.

When Accredited valued Mr J's vehicle, it said it had reduced the value to reflect pre-existing damage which it didn't think had been repaired to an adequate standard. It also reduced the value because it was a category S vehicle and it felt this had an overall impact on its market value. In total it reduced its settlement amount by 20% before applying a proportionate settlement.

Mr J complained about the claim and how this settlement had been reached. He also complained about the general service and he believed Accredited had breached data protection rules when failing to follow its process on customer verification in all the calls he had with it.

Our investigator looked at this complaint and said we could not make a determination on whether it had breached data protection rules and this is something considered by the Information Commissioner's Office.

When considering the complaint about the settlement and whether Accredited acted fairly when taking the steps it did. They explained they had seen information to demonstrate the price of Mr J's policy would have been higher had the annual mileage been higher when the policy was taken out. So they felt it had acted fairly when adjusting the settlement proportionately to reflect the payment made against what the policy would have cost.

They also said they felt Accredited acted fairly when valuing Mr J's vehicle. They set out the terms of the policy and what it says it will do when calculating the replacement value of a vehicle. They said Accredited had fairly applied this and they didn't think the valuation placed on the vehicle was unreasonable.

Mr J disagreed with the assessment. He said the policy did not mention a penalty for a

category write off and he is not a mechanic, so he was not aware of any poor repairs when he brought the vehicle. He didn't think the answer had taken account of everything and asked that the case be referred for decision.

I issued a provisional decision on this complaint on 15 November 2024. I explained I was planning on upholding this complaint in part. While I agreed that Accredited Insurance had generally acted fairly, I thought it needed to do something to put things right. I've set out what I said below:

### **My provisional decision**

*I'm planning on upholding this complaint in part. I know Mr J will be disappointed by this not going as far as he would like, but I'll explain why I think Accredited needs to do something to put things right.*

*There is a number of elements to this complaint which I'll deal with in turn.*

*Is it fair to offer a proportionate settlement*

*Mr J doesn't think it is fair that Accredited has reduced the total amount of his settlement. This was done after Accredited said the information provided about the annual mileage was wrong and had it been given the right information from the start, the cover would have been more expensive.*

*The Insurance Act 2015 (IA) is relevant here and sets out what is expected of a commercial customer when taking out a policy. The expectations and remedies are broadly similar to what is set out within the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). But the IA is most relevant here even if Mr J will not see himself as a commercial customer, and I've considered this when thinking about whether Accredited has acted fairly together with the terms and conditions of the policy.*

*Mr J needed to, on taking out the policy, make a fair presentation of the risk. The terms of the policy set out a duty on Mr J to check his information. It also highlights that wrong information being provided could result in increased premiums or claims not being paid in full.*

*Mr J provided information about his vehicle and its expected usage and mileage. He said at inception the annual mileage would be 5000 miles. Accredited has said it believes this to be incorrect as at the date of the accident when comparing the mileage recorded on the previous MOT, Mr J had completed around 6500 miles in six months. So the information provided by Mr J at inception was not correct or a fair representation of the risk.*

*Accredited has said had the correct information been provided at inception, it would have still offered to provide the cover but for a higher premium. It has shared with this Service the information which supports this change in price with its view on the risk changing.*

*Mr J's circumstances may have changed after the policy was taken out and this could have led to the annual mileage increasing. Accredited has not looked to avoid the policy or declined the claim but accepted this change could have happened and the failure to provide the correct information has been treated as neither deliberate nor reckless. And as it would have provided cover but at an increased cost, it has adjusted the settlement amount to reflect the level of cover Mr J had in place based on the premium he has paid.*

*I am satisfied based on this that Accredited has not acted unfairly in taking the approach it has with Mr J and the proportionate settlement amount. The terms of the policy set out this will happen if information is not shared which would have had an impact on the price and it has demonstrated the misinformation on the mileage would have had this impact. So when settling the claim in line with this, it has acted fairly.*

*Is the valuation fair*

*This Service has a defined approach for valuation complaints and our expectations on businesses. We do not assess the value of vehicles ourselves but use motor valuation guides to give guidance on this as they provide whole of market data on advertised sales prices.*

*Our investigator has set out that the policy will pay Mr J the 'market value' of his vehicle if it is not repairable. It does not say it will use the value placed on the vehicle by Mr J when the policy was taken out. Market Value is defined as:*

*"The cost of replacing your vehicle with one of a similar age, type, condition and history by reference to vehicle websites and publications (including but not limited to 'Glasses Guide') and where applicable, a suitably qualified independent motor engineer."*

*Accredited took a price from all trade guides when determining what a fair starting price was for Mr J's vehicle and it took the highest of these prices which I think is a fair starting point. Mr J doesn't think it is fair that once this has happened, deductions have been made because of his vehicle having been previously written off and because of the quality of these repairs. In total a deduction of 20% was applied to the highest valuation guide of £19,350.*

*The valuation guides do not make an allowance for previously written off vehicles, but it is a fair expectation that a vehicle previously written off may not be as desirable or expensive as a vehicle without this in its history. To demonstrate the average difference in price between a vehicle not impacted by a previous write off, Accredited has provided adverts for category S vehicles like Mr J's together with the difference in the valuation guide.*

*This shows an average difference in price of 11.5% with category S vehicles being this much cheaper than the valuation guide price. I am satisfied this is a fair approach to take when thinking about a reasonable deduction to reach the 'market value' of Mr J's vehicle as the previous write off category is important to compare when thinking about vehicles similar in type, condition, and history to his own.*

*Accredited has said that in addition to the deduction of 11.5% from the starting valuation, a further 8.5% has been deducted to reflect the cost of previously completed poor repairs. It hasn't broken down what the cost of these previous repairs would be to put right. But has highlighted the damage with the images of the vehicle together with its engineers' comments on the damage.*

*The poor repairs relate to the previous write off and work done to bring the vehicle back to roadworthiness. Clamp marks on the internal metal work have been highlighted at a number of points as well as incorrect screws. So, it is evident the previous repairs left their mark on the vehicle. However, Accredited has not demonstrated this should result in a further deduction in addition to the deduction applied for the previous write off and the vehicle being a category S.*

*The damage noted is not immediately visible to the body of the vehicle. Mr J himself has said not being a mechanic by trade, he did not see anything wrong with the vehicle when he bought it – in the knowledge of this being a category S. So, anything noted was done so in expectation with this and what to expect and was not deemed to be below this expectation.*

*Overall, I am not convinced that the additional deduction of 8.5% is fair. In effect it feels like the impact of the category S status of the vehicle is unfairly increased. The poor repairs pointed to appear to relate to this. They are not cosmetic to the outside of the vehicle and any reduction on the vehicle value could be attributed to the category S. I am not satisfied to say it is fair this should increase the reduction to the 'market value' as it hasn't been demonstrated it has had this effect on the vehicle.*

*As I've said previously, Accredited has demonstrated that the fair impact on the vehicles value to reflect its 'market value' is to make a reduction of 11.5% on the valuation guide price. And I think this is the total deduction it is fair to make for the impact of the category S and the condition of this vehicle and what it has been able to demonstrate is reasonable.*

*Overall service provided*

*I've not seen anything to show that Accredited delayed the response to Mr J when assessing his vehicle and deciding whether it could accept the claim or not.*

*Although he was unhappy with the outcome it reached and this has resulted in complaints about this, it provided an answer within a reasonable time. And as set out by the investigator, any concerns about its data protection process being followed and or being breached, is not something this Service would consider. So I see no need to make an award for anything in relation to the overall service received.*

### ***Putting things right***

*I agree broadly with the approach taken by Accredited in this claim. But I feel it has failed to demonstrate that the previous repair works completed on Mr J's vehicle when it was previously written off and repaired have impacted the market value as it has said.*

*Accredited has not demonstrated this should be reduced beyond the deduction set out by it when looking at the average reduction in price, comparing vehicles of a similar condition, age and history. This is based on the information it has provided to demonstrate the category S status of the vehicle would likely result in an 11.5% reduction in the vehicle value.*

*To put things right, I plan on directing Accredited to increase the settlement amount paid by removing the 8.5% reduction in the vehicle value.*

*It should pay Mr J the proportionate amount of this in line with how the remainder of the claim has been settled with 8% simple interest added from the date of the original settlement payment until date of payment.*

Mr J responded to say he accepted the decision. But he also said when this happened, a note was placed on his file which said his policy had been cancelled. He asked if this could be removed as well as the additional payment set out in my planned redress being made.

Accredited said it disagreed with the outcome. It provided further comments from its engineer and it felt this demonstrated it had taken a fair and reasonable approach when making a further deduction to the value of Mr J's vehicle – based on its assessment of the pre-accident condition of it.

As both Mr J and Accredited have responded, the complaint has been passed back to me for 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.

Having reconsidered this complaint and the new comments and information provided, I've decided to uphold this in part, as set out within the provisional decision included above.

I've focused my additional comments on what has been raised in response to my provisional decision only. This is in support of what has been set out above.

I appreciate Accredited and Mr J may be disappointed by this, but I'll explain why I still think it is fair to ask Accredited to remove the additional 8.5% deduction from the vehicle valuation.

Mr J has asked that together with the payment for the removal of this deduction, that a cancellation marker is removed from his profile. He says this was added after the policy was cancelled following the claim.

I've not seen that Mr J has raised a concern about the policy and this being cancelled after the claim was made, nor that he is unhappy with how this has been recorded. As a new complaint issue, Accredited will need to be able to consider this first. If Mr J remains unhappy with a response on this new complaint point, he will be able to bring the matter to this Service for consideration. But I am afraid I am unable to comment on it here.

Accredited has provided more comments from its engineer which talks through the previous repairs of Mr J's vehicle and the cost to put these right now. It said the previous repairs completed on Mr J's vehicle were not satisfactory. It didn't think it could be classed as being repaired to a commercially acceptable standard. With the repairs being below this standard, it said the further deduction of 8.5%, which represented the cost it felt was needed to repair this previous poor workmanship, was fair.

In my provisional decision, I highlighted Mr J had said he did not notice any issues with the vehicle when it was purchased. He accepts he is not a mechanic, but he was satisfied it met his expectations for a category S purchase. He brought the vehicle based on its condition and his expectations, so I think it's fair to say it was commercially acceptable.

The comparable vehicles provided by Accredited to demonstrate the starting value of the vehicle, reflecting the category S classification, do not include the detail to demonstrate Mr J's vehicle was below this standard.

The poor workmanship highlighted is primarily within the bonnet area and not immediately visible or impacting the aesthetic of the vehicle. And with it being a category S, I am not persuaded it is fair to increase the reduction in its value further for the previous repairs and quality of these.

Mr J did not attempt to complete the repairs himself. Instead he purchased the vehicle from a garage who completes work of this nature and he was happy with its condition. So I am satisfied it can be said to be at a commercially acceptable standard when it was purchased as a category S vehicle. With this in mind, I think adding on a further deduction for the quality of repairs which did bring the vehicle to a commercially acceptable standard is not fair and would be an effective double counting to the detriment of Mr J.

### **Putting things right**

To put things right, Accredited should increase the settlement amount paid by removing the 8.5% reduction in the vehicle value.

It should pay Mr J the proportionate amount of this in line with how the remainder of the claim has been settled with 8% simple interest added from the date of the original settlement payment until date of payment.

### **My final decision**

For the reasons I've set out above, I uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 7 January 2025.

Thomas Brissenden  
**Ombudsman**