

The complaint

Mr Z is unhappy about the cancellation of his motor insurance policy by Accredited Insurance (Europe) Ltd.

What happened

The following is intended only as a brief summary of events. Additionally, whilst Mr Z's dealings were with an administrator of the insurance policy, ultimately Accredited is responsible for the policy. So, I have just referred to Accredited for the sake of simplicity.

In August 2024, Mr Z took out a motor insurance policy underwritten by Accredited. The sales process Mr Z followed involved him using a price comparison website, and entering relevant information about his circumstances. As part of this, the price comparison website included a question about no claims discount (NCD). Mr Z answered this to say that he had 20 years' worth of NCD. Mr Z was then transferred to Accredited's website, and asked to confirm he had read the relevant policy documents, before agreeing to take the policy out.

Later that day, Mr Z was asked to provide proof of this NCD. The named driver on the policy did provide some proof of his own NCD. But Accredited emailed back to say that the evidence required was of Mr Z's NCD – as he was the policyholder. This email said that the proof needed to be provided by 22 August 2024 to avoid the policy being cancelled.

A week or so later, on 17 August 2024, Accredited contacted Mr Z directly by email, repeating its request for proof of his NCD and reiterating its warning. In the days that followed, further emails, text messages and notifications to Mr Z's app were sent. As no response was received, Accredited cancelled Mr Z's policy and emailed Mr Z to tell him.

Mr Z complained about this and also the difficulty he said he had experienced in trying to contact Accredited. Mr Z did not consider he should be responsible for any charges associated with the cancellation. He also considers Accredited should have used the database of insurance claims (CUE) to check his NCD.

As Accredited did not uphold Mr Z's complaint, he brought it to the Ombudsman Service. However, our Investigator did not recommend it should be upheld either. He thought Accredited had acted appropriately when cancelling the policy, and that the charges Mr Z had to pay were fair and reasonable in the circumstances.

As Mr Z did not agree with this, his complaint has been passed to me for a 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 done so, I am not upholding this complaint. I'll explain why.

Before setting out my reasoning, I will just say that as well as the above being a brief summary of the events, Mr Z has raised a number of specific concerns. I have considered

these, as well as all of the evidence provided by both parties. However, I will not be commenting on each and every aspect of this complaint. Instead, I will be considering matters holistically, and focussing on what I consider to be the key issues. This is not intended as a discourtesy, but rather reflects the informal nature of the Ombudsman Service.

The cancellation

Accredited cancelled the policy as Mr Z had not provided proof of his NCD. So, the first key question I need to ask is, did Accredited act fairly and reasonably when cancelling Mr Z's policy?

It should firstly be noted that the question Mr Z answered within the sales process was not one that Accredited is directly responsible for. Nor is there any suggestion that Mr Z gave incorrect information or sought to mislead Accredited. So, I have not focussed on the sales process itself. Instead, I have considered the actions that took place following this initial sale.

The policy terms make it clear that Accredited can ask for proof of a customer's NCD. It also says that if this proof is not provided, Accredited can cancel the policy.

Mr Z has said that Accredited ought to have checked the CUE database. However, as our Investigator has pointed out, this database contains information about claims rather than NCD. The lack of claims does not mean a customer has accrued any NCD. CUE also only holds information for six years, and Mr Z had said he had 20 years' NCD. So, I do not consider Accredited ought to have been required to check a database. And I consider it was entitled to rely on Mr Z providing this information.

I do appreciate Mr Z's point that the policy does not set out a specific timeframe that a customer needs to comply with a request for such evidence. However, I need to consider this point on the basis of what is fair and reasonable. Accredited initially requested this proof on 6 August 2024. It then sent chasers and warnings that the policy would be cancelled on 22 August 2024. I consider this was a reasonable amount of time for Mr Z to have provided the required information. It is also notable that it does not seem Mr Z attempted to contact Accredited during this period at all.

Given the policy allows for Accredited to cancel it with five days' notice, and it gave at least this duration – as well as attempting to contact Mr Z via various routes – am unable to conclude that Accredited failed to act fairly and reasonably.

The fees

Mr Z has said that he should not be liable for any administrative charges. So, the second question I need to consider is, did Accredited act fairly and reasonably by withholding part of the money Mr Z had paid?

The policy was live for around a week, meaning he had the benefit of cover for this period. I consider it is fair and reasonable that Mr Z pay for having had this benefit. So, I thought about the administrative fees Mr Z was charged.

The administrative charges for setting up the policy, as set out in the policy documents, are £110 for the insurance itself and £40 for the telematics device associated with the policy. The policy says that £50 of the insurance related fee is refundable, but that the telematics fee is non-refundable. The policy also says that where a policy is cancelled a fee is chargeable. The exact cancellation fee depends on the reason for cancellation, but ranges from £35 to £75.

Whilst this is clearly set out in the policy, I have also thought about whether this is fair and reasonable more generally. However, it is evident that there will be some costs that an insurer incurs when setting up a policy, even if it is cancelled soon after. And there will also be a cost in cancelling that policy.

It should be pointed out though that Accredited did not charge both the set-up and the cancellation fee in this case. Due to the circumstances, it may have been entitled to – albeit there might be some question over how reasonable the full charge would be. But given Accredited did not charge the cancellation fee, I am not persuaded that it hasn't acted fairly and reasonably here.

Taking everything into account, I am not persuaded that Accredited needs to refund Mr Z more than it has offered in the circumstances of this particular complaint.

Communication issues

Mr Z is also unhappy with the communications he had and attempted with Accredited. So, did Accredited communicate as it ought to have?

Mr Z is unhappy that he was unable to communicate with Accredited over the phone. And he has said that the online live chat system was not working. It seems these communication attempts took place after the cancellation. So, I don't think this would have changed what has ultimately happened even if there was a problem that should not have existed.

That said, I can see how it would have been frustrating for Mr Z to not be able to speak to someone over the phone. However, Accredited does not offer a telephone service for this part of its business. Whilst claims can be reported and dealt with over the phone, sales and administration issues take place online only. Accredited has taken a commercial decision to limit this part of its operations in this way. And I am unable to conclude it is any more difficult to interact with Accredited in terms of the administration of the policy as it is to take out the policy in the first place; both occur online. So, I don't consider this to be unfair or unreasonable.

In terms of the online chat facility that it provided, whilst Mr Z has said he was experiencing difficulties with this, I have not been provided with anything that indicates this was a problem at Accredited's end. I note Mr Z was away from home, so I don't know if he had connection issues or some other problem. But the evidence persuades me that Accredited's service was operating. And I am unable to conclude that it did not provide the service it should have.

I do note that, when Mr Z was able to start an online chat, he was told that it might be an hour before an actual agent could respond to his query. And that it was almost an hour until this did happen. Understandably, Mr Z had not waited for this entire period. And I do not consider that having to wait an hour would always be an appropriate service. I've thought about the impact of this on Mr Z though. Given the fact the cancellation had already taken place, whilst I appreciate this would have been frustrating, I do not consider Accredited needs to do anything further to address the impact on Mr Z.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 28 March 2025.

Sam Thomas
Ombudsman