

## **The complaint**

Mr A complains that Accredited Insurance (Europe) Ltd (AIE) has voided his policy and refused his claim for fire as they say he failed to declare County Court Judgements (CCJ) when he took out and renewed the policy.

## **What happened**

Mr A took out a buildings insurance policy online through a price comparison website with AIE in 2019.

In December 2023 Mr A made a claim for fire under the policy.

When validating the claim, AIE discovered that Mr A had a CCJ that they weren't aware of and so they declined his claim and voided the policy back to the inception date. They also said he was underinsured. Mr A complained as he said he had never been asked about his CCJ's, but AIE didn't uphold his complaint.

Mr A brought his complaint to us and following further review, AIE wrote to us to advise that they had changed their position. They agreed that Mr A hadn't been asked a direct question about CCJ's when he took out the policy in 2019, but that he had been sent statements of fact at each renewal which included a statement about CCJ's on them, and he hadn't notified them that this was incorrect. And so, they overturned their original decision to void the policy back to inception, and instead cancelled it from renewal in 2020 as they say if they had known about the CCJ's, they wouldn't have offered renewal terms.

Mr A didn't accept this resolution and so one of our investigators looked into it. He thought that Mr A's complaint shouldn't be upheld as there had been a qualifying misrepresentation at renewal.

Mr A disagreed with our investigators view and asked for an ombudsman's 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 this complaint and I will explain why.

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 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.

AIE have agreed that there was no misrepresentation at inception of the policy in 2019 because Mr A hadn't been asked about and history of CCJ's, but they have nevertheless cancelled it from the 2020 renewal as they have confirmed that had the CCJ's been declared, they wouldn't have offered cover.

CIDRA would still apply in these circumstances even though AIE have termed this as a cancellation in their letter. This is because a policy can't be cancelled once the policy year has ended because that contract of insurance is now completed, and each renewal is a new policy year. So, in effect AIE are still voiding the policy but back to the renewal date rather than inception.

AIE think that Mr A failed to take reasonable care when he reviewed the statement of facts at renewal in each year since 2020.

So, I've considered each of the sets of documents, that were provided, and the covering letters sent to Mr A each year to consider if he did take reasonable care not to make a misrepresentation.

AIE have shown us the policy renewals for 2020,2021,2022 and 2023. The documentation was sent out on 4 November each year, before the policy renewed on 3 December.

In the renewals for 2020 and 2021 the covering letters says

***"Read and Check your details***

*A lot can change in a year, so check this cover still suits your needs and maybe think about shopping around.*

*Your quote is based on the details in the attached Statement of Insurance and Cover Summary, so if anything changed, let us know. Make sure you check your excess amounts as they may have increased"*

In the renewal for 2022 and 2023 the covering letter has been changed to say:

***"Read and Check your details***

*A lot can change in a year, so check this cover still suits your needs and maybe think about shopping around.*

*Your quote is based on the details in the attached Statement of Insurance and Cover Summary (these documents are all about your insurance policy) - so if anything's changed, just let us know.*

*To make sure you've got the right cover, it's a really good idea to check the following:*

- *Your excess amounts as they may have increased*
- *Any new or amended endorsements*
- *Any changes to your insured content cover limits if it applies to you)*
- *check your excess amounts as they may have increased"*

On the Statement of Insurance for each of the years it says:

*“Under the Consumer Insurance (Disclosure and Representations) Act 2012, you have a duty to take reasonable care to answer all questions fully and accurately. If you volunteer information over and above that requested you must do so honestly and carefully. If you don’t answer all questions fully and accurately, it could invalidate your insurance cover and result in all or part of a claim not being paid.*

Directly underneath are the Policyholder details, with the last statement being:

*“Ever had a CCJ”, to which the answer is recorded as “No”*

We know that this answer was not given directly by Mr A in 2019 as AIE accept that he was never asked the question, and so the answer has been prepopulated by AIE’s broker.

However, I’m satisfied that the covering letters above are clear that it is the insured’s responsibility to check those details at renewal and ensure that they are correct. I appreciate that the covering letters ask if anything has changed, and arguably the position with the CCJ’s hasn’t changed, but I would expect a reasonable consumer to thoroughly check the documents sent prior to renewal as requested. If he had done so Mr A would have noticed that the information about CCJ’s was incorrect and would have let the insurer know before entering into the contract of insurance for that year, and so I think Mr A did make a misrepresentation.

AIE has provided us with their underwriting criteria which details that they will decline cover at either inception or renewal if there are and CCJ’s declared, and so I’m satisfied that Mr A’s misrepresentation was a qualifying one.

AIE have told me that they have refunded Mr A’s premiums back to 2019 and have treated this as a careless misrepresentation, which I agree with. I’m not satisfied there is enough evidence to say Mr A’s actions at renewal were deliberate or reckless, and I think it’s far more likely that Mr A didn’t pay full attention to the content of the renewal documents because as far as he was concerned there were no changes to report. However, as he was directed to check the documents carefully and didn’t do so, his failure to do so seems to me to amount to a careless misrepresentation.

As AIE have shown us that they wouldn’t have offered cover had the CCJ been declared, they are entitled to avoid the policy in these circumstances, and under the rules of CIDRA for careless misrepresentation they should return all the premiums, which I understand they have.

I appreciate that this is not the outcome that Mr A had wanted, but I hope he will feel reassured that I have considered all of the information provided.

As there is no further refund to make, AIE need take no further action.

### **My final decision**

My decision is that I’m not upholding Mr A’s complaint about Accredited Insurance Europe and so they don’t need to do anything further.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 21 April 2025.

Joanne Ward  
**Ombudsman**