

The complaint

Mr M and Mr M complain Accredited Insurance (Europe) Ltd (Accredited) cancelled their motor insurance policy. They also complain Accredited said it would deal with their claim and passed their details to the third-party insurer.

This complaint has been bought by both Mr M and Mr M but for clarity, I will refer to the policyholder as Mr M1 and the named driver as Mr M2.

What happened

The details of this complaint will be well known to all parties and so I've summarised events. Mr M1 held a motor insurance policy with Accredited, providing cover for both him and Mr M2. On 7 November 2023 Accredited contacted Mr M1 and asked him to send over a number of documents so it could validate his policy. This included a proof of address, proof of no claims, V5 document, a copy of driving licenses for all drivers and a driving license check. It said it needed to receive this information by 23 November 2023 or it would need to start the cancellation process.

On 23 November 2023 Accredited spoke to Mr M1 who confirmed he had received the email but he had been very busy at work. It sent an email the same day reminding Mr M1 it needed a copy of the requested documents by 30 November 2023 or it would cancel the policy. As it didn't receive the documents, Accredited cancelled Mr M1's policy on 30 November 2023. Mr M1 emailed that evening with some documents Accredited had requested and said he would call the following morning.

On 1 December 2023 Mr M1 sent further documents to Accredited and discussed the cancellation of his policy on the phone. Accredited said it would pass the details he had provided to the validation team and they would get in touch. After further telephone calls that day, Mr M1 made Accredited aware he had purchased an alternative insurance policy. Unknown to Mr M1, Mr M2 was involved in an accident involving a third-party vehicle on the afternoon of 1 December 2023.

Mr M1 raised a complaint as he was unhappy his policy had been cancelled and the way he was treated by Accredited. On 26 January 2024 Accredited issued Mr M with a final response to his complaint. It said it had asked for validation documents in line with the terms of Mr M1's policy. It said as Mr M1 had provided the documents late, and due to discrepancies with some of the documents, such as with the no claims discount, the policy was cancelled and wasn't reinstated. It apologised Mr M1 didn't receive a call back from the validation team and so it would reimburse the £60 cancellation fee it had applied.

At the end of January 2024 Accredited were contacted by a third-party insurer making it aware of the accident from 1 December 2023. It spoke with Mr M1 about the claim and Mr M1 provided it with information about the accident. On 2 February 2024 it told Mr M1 it would be admitting liability for the accident and dealing with any third-party claim. Accredited then contacted Mr M1 to tell him it wouldn't be dealing with the claim as Mr M1's policy had been cancelled prior to the accident taking place.

Mr M1 raised a further complaint with Accredited. He was unhappy it had told him it would be dealing with his claim. He was also unhappy Accredited had passed his details to the third-party insurance company without his permission. On 4 April 2024 Accredited issued Mr M1 with another final response. It said it acknowledged the claim had been set up in error. It said it had spoken with the third-party insurer, but it hadn't shared any of his personal details. It offered Mr M1 £150 compensation as an apology. Mr M1 didn't think this was reasonable and so referred both of his complaints to this Service.

Our investigator looked into things. She said she thought Accredited had made Mr M1 reasonably aware of the policy cancellation as it had sent two emails and made two phone calls prior to the cancellation. She said she thought Accredited's decision to cancel the policy and how they communicated this to Mr M1 was reasonable and in line with the terms of the policy. She said she thought as the policy had been cancelled fairly, Accredited didn't need to deal with his claim, and thought the £150 compensation it had offered for incorrectly telling Mr M1 it would be dealing with his claim was reasonable.

Mr M1 didn't agree with our investigator. He said he didn't think Accredited appropriately notified and communicated the cancellation of his policy. He said he was misled into believing the policy could be reinstated and this delayed him in finding alternative insurance. He said Accredited processed a claim without his consent and accepted fault for the claim on his behalf without his agreement. He also said Accredited shared his personal details with the third-party insurance company. He said he didn't think £150 compensation was reasonable.

As Mr M1 didn't agree with our investigator, the complaint has 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.

I want to acknowledge I've summarised Mr M1's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr M1 and Accredited I've read and considered everything that's been provided. I've addressed the key points separately.

Policy cancellation

The terms of Mr M1's policy explain Accredited have the right to cancel the policy at any time if there is valid reason for doing so. The terms say if Accredited decide to cancel the policy, it will send seven days' notice to the last email address or postal address it has on file.

Accredited has shown it sent an email to Mr M1 on 7 November 2023 asking for documents so it could validate his policy. I think its request to see these documents was a reasonable one. The email said it needed a response by 23 November 2023 or it would start the cancellation process. Accredited then spoke with Mr M1 on 23 November 2023 to remind him it required the requested documents, and sent another email to him that day. This email said if it didn't receive the documents by 30 November 2023 the policy would be cancelled. On 30 November 2023 it left Mr M1 a voicemail and sent an email to make him aware the policy had been cancelled.

I think Accredited acted reasonably when it cancelled Mr M1's policy. I think its request for documentation was reasonable and it gave Mr M1 a reasonable period of time to provide this. When this documentation wasn't received by 30 November 2023, I think it was entitled

to cancel the policy as without it, it hadn't been able to validate his policy.

Given the seriousness of driving without insurance, I consider it good industry practice for an insurer to use two forms of communication before cancelling an insurance policy. I can see Accredited used both phone and email contact to make Mr M1 aware his policy would be cancelled if he didn't provide the documentation it required. It then left Mr M1 a voicemail on 30 November 2023 and sent him an email to make him aware his policy had been cancelled. Mr M1 has confirmed he received and saw the email making him aware his policy had been cancelled on the day it was sent. I'm satisfied Accredited provided Mr M1 with sufficient notice of his policy being cancelled, and made him suitably aware once it had been cancelled.

Mr M1 has said he provided Accredited with the requested documents on the evening of 30 November 2023 and the morning of 1 December 2023. He said Accredited misled him into thinking the policy would be reinstated, delaying him purchasing alternative insurance.

Whilst Mr M1 provided most of the documentation Accredited had asked for, he did so after the policy had already been cancelled. Additionally, not all of the documents Accredited had asked for had been provided, for example, it hadn't received the driving license details for Mr M2 as it had requested. Therefore, I don't think it was unreasonable it didn't agree to reinstate Mr M1's policy.

I've also listened to the calls Mr M1 had with Accredited on the morning of 1 December 2023. During these calls the handlers confirmed to Mr M1 the policy had been cancelled but it would pass the documents to the validation team. A handler from Accredited also told Mr M1 it was unlikely the policy would be reinstated and suggested Mr M1 look for alternative insurance. I note that these calls took place prior to Mr M2 being involved in the accident with a third-party vehicle. I don't think Accredited misled Mr M1 into believing his policy was going to be reinstated. It made it clear the policy had been cancelled and suggested Mr M1 seek alternative insurance.

Mr M1 has mentioned it failed to make Mr M2 aware the policy had been cancelled prior to the accident taking place. However I think Accredited met its obligations by making Mr M1, as the policyholder, aware the policy had been cancelled. And as I've said, Mr M1 was told the policy had been cancelled both by email on 30 November 2023, and by phone on 1 December 2023, all before the accident took place.

Accredited have acknowledged it had told Mr M1 a member of its validation team would call Mr M1 but this didn't happen. It reimbursed Mr M1 the £60 cancellation fee it had applied as an apology. And so I've considered whether this is reasonable to acknowledge the impact to Mr M1. I think it would have been distressing for Mr M1 not to receive a call as promised, particularly as it was clear this call was important to him. However even had the validation team called him, I'm not persuaded it would have led to a different outcome for Mr M1. Therefore, I think the £60 Accredited have reimbursed to Mr M1 was reasonable to acknowledge the distress caused due to not calling him back as promised.

Claim handling

Accredited have acknowledged it shouldn't have set up a claim for Mr M1 as his policy had been cancelled prior to the accident taking place on 1 December 2023. It has offered £150 compensation as an apology and so I've considered whether this is reasonable to acknowledge the impact caused to Mr M1.

I don't think Accredited are required to deal with Mr M1's claim, as the policy had already been cancelled at the time of the accident. However, it did tell Mr M1 the claim had been set

up and it would be dealing with it. I think Mr M1 was caused distress when he was later told Accredited wouldn't be dealing with his claim.

Prior to Accredited making Mr M1 aware it wouldn't be dealing with his claim, it told him it would be accepting liability for the accident and dealing with the third-party claim. It also made a payment to the third-party insurer for the total loss of their insured's vehicle. However, I've not seen any evidence Accredited told the third-party insurer it had accepted liability for the accident. And the payment it made to the third-party insurer was done so on a without-prejudice basis and without admitting liability. Therefore, I don't think Mr M1's position on liability has been prejudiced by Accredited's actions on the claim. He is able to pursue a claim privately should he wish to do so.

Accredited sent Mr M1 letters asking for recovery of the costs it paid the third-party insurer. It has now confirmed it has stopped pursuing claim costs from Mr M1 and there is no active recovery against him currently. Given the third-party insurer were holding Mr M2 at fault for the accident, had Accredited not made this payment to them, it's likely they would have pursued this cost from Mr M1 or Mr M2 directly. And based on the circumstances of the claim, it's possible Mr M1 or Mr M2 would have been liable to pay this. And so, whilst I acknowledge Mr M1 has been caused some distress by Accredited's attempts to recover claim costs, I've taken into consideration he has more than likely avoided the third-party insurer pursuing him or Mr M2 for these costs.

Mr M1 has said Accredited shared his personal information with the third-party insurer. I've reviewed the correspondence Accredited had with the third-party insurer and I'm satisfied it didn't share any personal information about Mr M1 which the third-party insurer didn't already know.

I think Mr M1 has been caused distress and inconvenience due to Accredited telling him it would be dealing with his claim. He spent unnecessary time providing Accredited with details of the claim, and experienced a loss of expectation when it said it wouldn't be dealing with his claim any longer. However, I don't think Mr M1's position has been prejudiced by the actions Accredited have taken. Therefore, in the circumstances, I think the £150 compensation Accredited have offered is reasonable.

My final decision

Accredited Insurance (Europe) Ltd have already made an offer to pay a total of £210 compensation to settle the complaint and I think this is fair in all the circumstances.

So, my decision is that Accredited Insurance (Europe) Ltd should pay Mr M and Mr M a total of £210 compensation if it hasn't done so already.

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

Andrew Clarke
Ombudsman