

The complaint

Miss H complains that following an accident, Accredited Insurance (Europe) Ltd unfairly declined her claim and cancelled her policy.

What happened

Miss H held a motor insurance policy with Accredited. When she was involved in an accident, she made a claim.

Ultimately Accredited declined Miss H's claim and cancelled her policy. It said it thought the accident was caused while she was racing, something the policy excluded from cover.

With the help of a representative, Miss H complained to Accredited. She said she didn't think it was fair to decline her claim because she said she wasn't racing and didn't think Accredited had fairly considered all the evidence provided. She said it made a number of incorrect statements when explaining why it declined her claim.

Miss H also wasn't happy with the cancellation and said she'd not been told why the policy was cancelled. She said having a policy cancelled meant the price of insurance increased dramatically for her.

Miss H also said, since the incident, no one told her where her car was and if Accredited wasn't dealing with her claim, it should at least give her her car back.

Accredited didn't change its stance, it maintained its decline of Miss H's claim and cancellation of her policy was fair. It pointed to a witness statement and data (or lack of) from the telematics box to support its decision.

Miss H remained unhappy and brought her complaint to the Financial Ombudsman Service.

While investigating the complaint Accredited made an offer to settle it. But ultimately our Investigator recommended it be upheld. She thought the decline of the claim and the cancellation of the policy were fair, that they were in line with Accredited's terms and conditions.

However, our Investigator thought communication around the car was poor and said that Accredited should pay Miss H the value of the salvage. She thought Accredited should also cover any fees the salvage agent had charged Miss H in relation to this incident. Our Investigator acknowledged that the communication throughout was poor and that some reasons put forward by Accredited when declining the claim were demonstrably untrue. So for the distress and inconvenience caused she recommended Accredited pay Miss H £300 compensation.

Accredited accepted our Investigator's assessment. Miss H didn't. She maintains that she wasn't racing and therefore doesn't think the decline of the claim or the cancellation of the policy is fair or reasonable.

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'm upholding it. I'll explain why.

It's worth noting at this point that while I've considered everything provided, I'll not be commenting on every bit of evidence or all the arguments raised. Instead, in line with our role as an informal service, I'll comment on what I consider to be key to the dispute.

There are a number of issues I need to address, but central to two of them is the allegation that Miss H was racing at the time of the accident. The policy doesn't provide cover for racing. So if I think it's reasonable for Accredited to think that she was racing, it will likely follow that I find both the decline of the claim and the cancellation of the policy fair and reasonable decisions taken in line with the policy terms and conditions.

Miss H has pointed out a number of demonstrably untrue assertions made by Accredited when it explained why it declined her claim. She's also said its comments surrounding the data from the telematics box is unfair. But ultimately I don't think any of that is pivotal to Accredited's decision.

Accredited has based its decision on a witness statement and the damage caused in the incident.

Ultimately, I'm satisfied that Accredited is entitled to rely on that witness statement and put more weight on it than Miss H's own testimony. Especially considering the damage caused. I understand Miss H has provided a text message between her and the witness which does suggest the witness was thinking about exaggerating the story to their friends. But I'm not persuaded this means what the witness says about racing was untrue. There's no incentive for the witness to tell something that was untrue when giving their statement. They'd still be able to claim for their injuries if the policyholder wasn't racing. And there's nothing to suggest the two friends had fallen out following the incident. In fact the opposite applies, the text messages provided by Miss H seem to indicate a strong, friendly relationship between the two following the incident.

Miss H on the other hand has much more of an incentive to not say that she was racing. And to be clear, I'm not saying I think her testimony is untrue. I'm merely pointing out why Accredited finding her testimony less compelling than the passenger's is a reasonable decision.

There's no video footage of the accident so the only evidence of what occurred is the statements of those involved. I understand Miss H has pointed out that there's a third statement which also says there was no racing occurring. I've not seen that statement, and it doesn't look like Accredited has either.

I've thought about whether that third statement is likely to make a difference, but I don't think it would. That's because it's either from someone unrelated to either driver – which wouldn't shed any light on whether the cars were racing or not. Or the statement is from someone in the other car involved. And if that's the case, just like with Miss H's statement, there's more of an incentive for that person to say they weren't racing than to say that they were.

Ultimately, the only people who will know whether Miss H was racing are Miss H, her passenger, and maybe whoever was in the other vehicle allegedly involved in said race.

It's not for me to say what I think most likely happened. What I have to decide is "Was it reasonable for Accredited to say that Miss H was racing, based on the witness statement which clearly says she was racing?". And as disappointed as Miss H will be by this, I'm satisfied it was.

It therefore follows that I find its decline of her claim reasonable too – racing is something the policy specifically excludes from cover. I think it's reasonable too, that following that decision, Accredited considered there'd been a breach of the terms of the policy and I therefore find its cancellation of the policy reasonable too.

I've seen it told Miss H about the cancellation, and at the point it told her it's explained to us that decision couldn't have been reversed. Considering the reason for cancellation set out above, I'm satisfied that's a reasonable decision too. I understand this recorded cancellation will affect Miss H's premiums going forward, but I'm still satisfied it was a decision Accredited was entitled to make.

As mentioned above though, there were things Accredited said which were not true. And some arguments it put forward to decline the claim were unfair. Ultimately I don't think they've contributed to the claim or cancellation decision though – because as set out above that decision itself, based solely on the witness statement, I find reasonable. But I can see how these arguments and statements will have caused distress to Miss H.

As our Investigator pointed out, the communication throughout this claim has been very poor, especially in relation to the whereabouts of Miss H's car. Once Accredited decided Miss H was likely racing, it's essentially stopped communicating with Miss H and its salvage agent. This led to the salvage agent disposing of the car and Miss H not knowing what was happening with it.

Ultimately the car was so badly damaged it was deemed a category B write off. That means it wouldn't have been returned to Miss H unless she could demonstrate she's arranged to have it broken down for parts. I'm not persuaded she'd have ever done that if given the option. But she still should have been kept better informed of its whereabouts. Not doing so will have undoubtedly caused distress and inconvenience, not least in the form of chasing it.

Accredited has said Miss H should have been given the value of that salvage – which I'm satisfied is fair. Accredited should also pay (or reimburse if Miss H has already paid) any fees charged by the salvage agent in relation to this claim and this vehicle.

Putting things right

While I'm satisfied Accredited's decline of Miss H's claim, and subsequent cancellation of her policy was fair, it's made errors which I think it needs to put right.

Accredited should cover (either pay or reimburse Miss H for any she's paid) any fees or charges charged by the salvage agent in relation to her car.

It should also pay her the value it received for that salvage - £175. This payment should have interest added to it at a rate of 8% simple per annum. The interest should be calculated from the date Miss H's claim was declined, to the date it makes this payment to her.

Accredited should also pay Miss H £300 compensation for the distress and inconvenience caused throughout the claim.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint and require **Accredited Insurance** (Europe) Ltd to take the actions set out in the “Putting things right” section above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss H to accept or reject my decision before 20 June 2025.

Joe Thornley
Ombudsman