DRN-5672565

The complaint

Mr D has complained that Accredited Insurance (Europe) Ltd (AIEL) has unfairly rejected a claim he made under his home insurance policy and is seeking to recover the claim costs from him.

AIEL has applied its fraud term to reject Mr D's claim.

What happened

Mr D made a claim to his insurer AIEL for flood damage to his home in September 2023. AIEL accepted the claim. In October 2023 Mr D asked for financial assistance for temporary accommodation. In December 2023 Mr D provided two invoices for bed and breakfast accommodation during September and October 2023. Mr D said he paid cash and wanted reimbursement for a total of £3,528.

AIEL asked Mr D why he chose to stay at accommodation 70 miles away from his home address. Mr D said it was a peaceful place and a personal choice.

AIEL carried out further investigations and discovered that the Director of the accommodation was a close relative of Mr D's. This was in contradiction to what Mr D told it.

In response, Mr D said his relative was no longer involved in the business and hadn't been for a number of years. Mr D said he paid his relative's ex-partner who was still a family friend – and that she ran the business.

Recent searches on social media carried out by AIEL showed that Mr D's relative had responded to recent feedback about the accommodation to confirm he was there 24 hours a day and was the owner. The VAT number Mr D provided for the invoice didn't match the accommodation business on Companies House. This business name was the name of Mr D's relative's ex-partner. But for both this business and the accommodation business, Mr D's relative was the current Director.

AIEL had tried to speak to the person Mr D said he'd paid the invoices in cash to, but without success. So as things stood, AIEL wasn't satisfied Mr D had paid for accommodation he was claiming reimbursement for. AIEL asked Mr D to provide a response on the inconsistencies it identified.

Mr D didn't reply to AIEL. So AIEL said it drew an adverse conclusion from Mr D's inability or refusal to answer its questions. AIEL applied the fraud term under the policy and said it wouldn't deal with Mr D's claim. AIEL said it would look to recover the claim costs paid so far from Mr D, which is over £12,000.

Mr D asked us to look at his complaint. He said he didn't reply to AIEL due to an oversight. He said he wasn't aware of the business relationship between his relative and the person he says he paid for accommodation. Mr D says the impact of AIEL's investigation has caused friction and he is no longer speaking to either party.

Mr D doesn't agree it's fair for AIEL to decline his claim or look to recover claim costs from him. He says the information he gave AIEL was to the best of his knowledge..

So the case 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.

It's important for me to explain that we don't decide fraud. But we can look at whether an insurer has reasonably applied a fraud term under the policy. So I've looked at what Mr D's policy with AIEL says.

The key term AIEL is relying on to take the action it has says:

> *"If you make a fraudulent claim under this policy, we:*
>
> *a Do not have to pay the claim;*
>
> *b May recover from you any amounts we have paid you in connection with the claim; and*
>
> *c. May treat the contract as having ended at the time of the fraudulent act"*

I think AIEL was entitled to carry out the investigation it did when it received the invoices from Mr D. And having done so, I can understand why it asked Mr D to clarify the inconsistencies it found to support his claim for reimbursement of payment for accommodation.

As Mr D didn't provide a response to its concerns set out on 13 August 2024, based on the information available to it, I cannot say that AIEL acted unreasonably in applying its fraud term. So I think it is reasonably entitled to look to recover the claim costs from Mr D in line with the policy.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 August 2025.

Geraldine Newbold
Ombudsman