

The complaint

Miss D has complained about her property insurer Accredited Insurance (Europe) Ltd because, within days of her policy starting, Accredited cancelled it.

What happened

Miss D bought her home in 2018, a home buyers report found no major issues. Miss D, in 2019, having noted some cracks, asked a building surveyor to check the property. Some historic cracking was noted but, again, no major issues were identified. Miss D had cause to call the surveyor back to her property in 2024. An in-depth report, based on a visual assessment of the property and other available data, concluded it was most likely the property was not suffering subsidence. The report also said: "Cause of Cracking....The evidence does support however a history of subsidence...".

The report was shared by Miss D with her insurer, which was Accredited. Accredited told Miss D that it wouldn't want to renew cover for her when the current policy expired in March 2024. Miss D went on-line to a comparison website to find alternative cover. She was asked on the comparison site "Has your house ever suffered from subsidence". She answered "no". A broker offered her a policy, for which Accredited was the underwriter. The policy was arranged with Accredited then being sent details for validation.

Within five days of the policy starting Accredited asked the broker to cancel the policy. Accredited thought the available evidence showed the property had previously suffered subsidence and yet Miss D had answered "no" when asked a question about that when applying for cover. It noted that if it had been told of the previous subsidence, as it had been ahead of renewal, it wouldn't have offered this new policy, just like it didn't offer renewal.

When Miss D learnt of the cancellation and complained to Accredited, it maintained its position. Miss D complained to the Financial Ombudsman Service.

Noting the relevant legislation, our Investigator thought Miss D hadn't taken reasonable care when applying for the policy and that, if she had done and said "yes" the property had previously suffered subsidence, Accredited wouldn't have offered a policy. He felt, in the circumstances, it had acted fairly and reasonably.

Miss D was unhappy with the outcome. She set out her objections in detail and provided further evidence, including an engineer's report, which concluded the house had not previously suffered subsidence.

Our Investigator considered the responses and evidence provided by Miss D. He explained they didn't change his view on the complaint. As Miss D remained unhappy, her complaint came to me 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.

Having done so, with regret for the disappointment this may cause Miss D, I find my view is the same as that expressed by our Investigator. I've set out my reasons below. However, in line with the informal nature of our Service. I won't reference everything said or every piece of evidence presented. Rather my focus will remain on the details central to my findings.

Accredited's position is that Miss D didn't take reasonable care when applying for cover. So its argument is one of misrepresentation. The relevant legislation is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). CIDRA requires a prospective policyholder to take reasonable care to not make any misrepresentation to the insurer when applying for cover. If reasonable care is not taken and a misrepresentation is made which is a *qualifying* misrepresentation, then the insurer will be allowed to take certain action. For example, if an insurer can show they would never have offered cover, they'll be allowed to reset the situation to reflect that – avoid the policy. Meaning they won't have to continue with the policy, it'll be like it never existed. And where there's been no claim, as is the case here, CIDRA allows an insurer to choose to cancel the cover instead.

Here Accredited has provided information which satisfies me that, if Miss D had said "yes" the property had suffered from subsidence before, it would not have offered cover. Miss D, of course, answered "no". And, on that basis, it offered cover. So Miss D's answer was material to Accredited's decision to offer cover and it would have done something differently if she had said "yes" – it wouldn't have offered cover. Which means that if the answer Miss D gave was wrong and she did not take reasonable care when giving it, Accredited's response to not continue with cover, was likely fair and reasonable.

Miss D maintains that her property has not suffered subsidence. She's recently obtained an engineering report to evidence this. She thinks the answer she gave when applying for cover in March 2024 was correct. She thinks she took reasonable care when she gave it.

I acknowledge that Miss D, when she bought her home, obtained a home buyer's report which didn't highlight any concerns. But I also note Miss D's explanation that, shortly after moving in, she became concerned about cracks, such that she contacted a surveyor. And that her concerns about cracking returned in early 2024, such that she contacted the surveyor again. A further visit occurred and a detailed report on the surveyor's findings was issued. A report which Miss D chose to share with her broker, which it, on her behalf, passed on to Accredited.

I'm aware of Miss D's view on the content of this report. I'm aware that she's explained that, following Accredited considering the report and saying it would not renew her cover, she then thought about all of the evidence she had available to her, including the surveyor's report, before choosing to answer "no" to the comparison website's question. Having considered everything Miss D has said though, I'm not persuaded the answer she gave was correct or that she took reasonable care when providing it.

Miss D had obtained an expert's report. That report, having considered all the cracks at the property and found some to be minor, determined that there was evidence of historic subsidence. I know Miss D has since obtained an engineer's report which refutes the surveyor's findings. But the evidence Miss D had available to her at the time she answered the comparison site's question said there was evidence of historic subsidence. I can't reasonably conclude then that Miss D's answer in the negative was correct.

Under the legislation, if Miss D took reasonable care when answering the question but still got it wrong, then she won't have made a misrepresentation. But I'm not persuaded Miss D did take reasonable care. I accept, having considered everything she's said, that she likely

gave careful thought to her answer before providing it. But I must also bear in mind that CIDRA sets the test for the level of care the policyholder is required to take as that of a reasonable consumer. I'm not persuaded that a reasonable consumer, having received the surveyor's report, would have thought this did not equate to evidence of subsidence having occurred at the property. Miss D obtained the report in 2024 because she was concerned about cracks, even though her home buyer's report in 2019 hadn't highlighted any concerns. And the 2024 report said, under "Cause" "The evidence does support however a history of subsidence". And the "Recommendations" section began with the following sentence "There is evidence to support there has been historic subsidence". In my view a reasonable consumer, having read the report in its entirety, would not have either overlooked those findings – made by an expert after they had considered all relevant detail, or dismissed them on the grounds the 2019 report found no issues.

I'm satisfied that Miss D, when applying for cover, failed to take reasonable care and, in so doing, gave an incorrect answer. That incorrect answer, as I've said, was relied upon by Accredited when the cover was agreed – and if it had been given a correct answer, no cover would have been given. So I think it's fair and reasonable that Accredited decided not to continue with offering cover to Miss D. I'm not persuaded that Accredited treated Miss D unfairly and I've not seen anything which would reasonably give me grounds to uphold her complaint, thereby requiring Accredited to undo or amend the record of its cancellation.

My final decision

I don't uphold this complaint. I don't make any award against Accredited Insurance (Europe) Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 12 August 2025.

Fiona Robinson
Ombudsman