

The complaint

Mr S has complained that Accredited Insurance (Europe) Ltd have unfairly declined the claim he made after he suffered an escape of water.

Accredited are the underwriters of this policy i.e. the insurer. Parts of the claim and the complaint have been handled by agents acting on their behalf. Any reference to

Accredited's actions in this decision includes the actions of their agents. Comments and submissions attributed to Mr S include those made by the solicitor he instructed to help him pursue the claim and his complaint.

What happened

The details of this claim are well known to both parties – so I won't go into great detail here. But, in brief, a few days before Christmas 2022, Mr S returned home to find water had escaped from pipes in his loft, causing damage to nearly all the rooms in the house beneath. So he contacted Accredited to make a claim.

Accredited sent an agent to inspect the property in early January 2023. A few weeks after this, they declined the claim because they said the property had been unoccupied and unfurnished when the escape of water happened. And so the following exclusion applied:

"We don't cover:

...

h. loss or damage while the buildings are unoccupied or unfurnished;...."

Mr S challenged Accredited's decision. He said that, as a first time buyer, he didn't have as much furniture as others do. And he'd moved furniture out of the house following the damage. He provided Accredited with evidence he said showed he was living at the property, including details of utilities usage, food delivery receipts, a council tax bill and his motor insurance documentation.

Mr S also submitted witness statements from several friends and acquaintances to support the fact he was living at the property. Accredited tried to contact the witnesses to verify their statements. They were unsuccessful in the main. But one witness denied the information he'd given in his previous statement for Mr S. Accredited said this was evidence Mr S's claim was fraudulent.

Mr S complained to Accredited. Accredited didn't change their decision. So Mr S brought his complaint to the Financial Ombudsman Service.

Our investigator reviewed the available information and concluded Accredited hadn't dealt with Mr S's claim fairly. She said it was reasonable to conclude from the information he'd provided to Accredited that Mr S had been living at the property when the escape of water happened.

And she said it wasn't fair for Accredited to take into account the alleged fraud in relation to the witness statements, because this was a "collateral lie" ie one told with the intention of improving someone's position, but which doesn't do that. In this case she said that Mr S was entitled to have the claim considered under the terms of the policy – and the witness statements made no difference to that.

The investigator said Accredited should pay the claim. Or, if he'd arranged repairs himself, she said they should reimburse Mr S what he'd paid. She said that they shouldn't enforce a claim they'd made for the costs of their investigation of the witness statements. And she said Accredited should pay Mr S £500 compensation for the distress and inconvenience he's been caused by Accredited unfairly declining the claim.

I agreed with our investigator that Mr S's complaint should be upheld, but not on what Accredited should do to put matters right. So I made a provisional decision. I noted that Accredited had decided at an early stage the claim was excluded – so they'd not scoped the repair works. So there was no information about what repairs were needed, or how much they would have cost Accredited. That meant they couldn't make a cash settlement in line with the policy terms – which said any cash settlement would be limited to what it would cost them to make repairs.

I noted Mr S had dealt with repairs and provided details of what that had cost him. But I noted those works included items which I thought it unlikely to have been caused by the escape of water. I said it was reasonable for Mr S to get all the works he wanted done at the same time. But, as Accredited only need pay for works caused by the escape of water, scoping was needed before they could make an offer.

I also said Accredited shouldn't pursue the costs of their investigation around the witnesses and should remove any fraud markers they'd recorded against Mr S. And I thought £750 was a fairer amount of compensation for Accredited to pay to reflect what had gone wrong.

Both parties have now commented on my provisional decision. So the matter's been returned to me for further consideration.

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 that, I'm upholding Mr S's complaint, broadly for the reasons set out in my provisional decision and which I've summarised above. I'll explain why, focusing on the comments the parties made in response to my provisional decision.

Mr S said that he doesn't want to engage with Accredited any more and asked that I direct Accredited to pay the costs he's incurred to repair his home. I've thought very carefully about this. I understand why Mr S feels as he does. But we're an impartial service. That means we have to try and be fair to both parties.

I explained in my provisional decision that the documentation provided by Mr S wasn't clear as to what work was necessitated by the escape of water, and what work he chose to have done at the same time as repairs were being made. Accredited are only liable to pay the costs of the first category, not the second. So, before any settlement can be made, Accredited need to scope the work which was caused by the escape of water. I'd expect them to reimburse Mr S what he's paid for those works which were covered. But, at this

point, I can't be certain which those are. So I can't reasonably say Accredited should reimburse Mr S for all the costs he's told us he's incurred.

Accredited have challenged my provisional finding that the witness statements were a collateral lie and should be disregarded. They've said the statements supported an otherwise unrecoverable claim and so it was fair for them to seek and rely on them.

I've considered this but I'm not persuaded I should change my provisional decision on this point. In that, I agreed with our investigator's view that the witness statement was a collateral lie, because I was satisfied that Mr S had evidenced that the property wasn't unfurnished or unoccupied – so the exclusion didn't apply. I don't agree with Accredited that the claim was either fabricated or exaggerated – rather Mr S gave dishonest information to support a legitimate claim.

Putting things right

As I said in my provisional decision, before the costs of the claim can be considered, Accredited need to scope the damage caused by the escape of water. As Mr S has had to pay for repairs himself as a result of their refusing the claim up to now, I'd then expect them to reimburse him the cost of repairing that damage.

As I've not been persuaded to change my provisional decision in relation to the witness statements, I don't think Accredited should pursue the costs of this. And, as the investigation isn't relevant to the claim, I think they should also remove any fraud markers they've entered against Mr S's name.

Finally, as neither party commented on my increasing the compensation Accredited should pay Mr S, I see no reason to change my provisional decision that £750 was a reasonable sum for Accredited to pay.

My final decision

For the reasons I've explained, I'm upholding Mr S's complaint about Accredited Insurance (Europe) Ltd and direct Accredited to:

- Assess the claim to determine the extent of the damage caused by the escape of water and the cost of repairing that damage;
- Write off the costs of pursuing their enquiries in relation to the witnessed and remove any fraud markers entered against Mr S; and
- Pay Mr S £750 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 August 2025.

Helen Stacey
Ombudsman