

The complaint

Mr N complains about the decision of Accredited Insurance (Europe) Ltd ('Accredited') to avoid one home insurance policy and cancel another.

Some of Mr N's dissatisfaction is regarding the actions of agents acting on Accredited's behalf. As Accredited have accepted responsibility for their agent's actions, any reference to Accredited in my decision should be interpreted as also covering the actions of their agents.

In my decision I'll refer to the insured property that this policy avoidance relates to as 'property 1' and an earlier policy taken out that was then cancelled by Accredited as 'property 2'.

What happened

Mr N took out a home insurance policy with Accredited through a price comparison website in October 2024.

On 21 November 2024, Mr N reported water ingress at the insured address. Accredited asked for some further information from Mr N about the property.

On 2 January 2025, Accredited let Mr N know that they were avoiding his policy from inception and refunding the premiums paid. They said he'd failed to take reasonable care to not make a misrepresentation when providing information about the condition of the property and its' occupancy when taking out this policy. On 8 January, Accredited let Mr N know they'd also be cancelling another home insurance policy he had with them.

Unhappy, Mr N raised a complaint. He argued that he hadn't failed to take reasonable care when taking out the policy and it was disproportionate to then cancel the second policy.

Mr N brought his complaint to us and our investigator recommended that it not be upheld. As Mr N didn't accept the recommendations, the complaint has been referred to me for a final 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.

The scope of this decision

The actions taken by Accredited (policy avoidance and separate policy cancellation) are linked, but they relate to two separate insurance contracts underwritten by the same insurer.

Normally our Service would look to 'split' both matters into two separate complaints, but given the time that's passed since the complaint was referred to our Service, they were both dealt with under the same final response letter and both parties have had an opportunity to respond, in the interests of pragmatism I will address both the avoidance and cancellation in this decision.

My key findings

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer must show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out several considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Accredited thinks Mr N failed to take reasonable care not to make a misrepresentation when he applied to take this policy for property 1 out. They say Mr N was asked clear questions about the condition of the property (cracking inside or out) and the occupancy of the property. They also say he failed to take reasonable care to provide accurate information. I'll address both issues below.

The occupancy of the property/main residence

I've looked at the questions Mr N was asked as part of his policy application. After completing the application on the price comparison site, Accredited have explained that Mr N would've been passed to another website to review and confirm the information. These included:

"Is the property your main residence?....

Who is the property occupied by?....

When is the property normally occupied?..."

I'm satisfied that these were clear, focused questions that demanded an accurate statement of fact answer. For example, Mr N answered 'Yes' to the insured property (property 1) being his main residence and that it was occupied day and night by his family.

Accredited have shown evidence that Mr N took out an earlier policy (property 2) in June 2024 and he also answered that property was his main residence. Mr N has said the earlier property was his main residence, but he also used the insured property due to his working from home arrangements. I note there are other inconsistencies in Mr N's testimony. In response to Accredited's initial enquiries Mr N stated (20 December 2024):

"12. Which property is your main residence?"

I use both properties equally. [first property address redacted by Ombudsman] *is my primary residence, while [insured property address redacted] serves as a second property and home office due to my working from home arrangements.*"

However, in response to the policy avoidance, Mr N told Accredited on 2 January 2025:

"Main Residence: While I did use [property 1, the insured property] occasionally, my main residence is [property 2]. This has always been the case..."

Accredited have shown reasonably persuasive evidence that property 1 was unoccupied at the time of loss. Mr N has explained that property 1 was undergoing renovation works at that time. There is also the issue of who resided in each property and when - even in scenario where Mr N was splitting his time between both properties.

On balance, I'm satisfied that Mr N failed to take reasonable care to not make a misrepresentation when answering this question about the property being his main residence, its' occupants and occupancy (day and night).

Mr N may have been using the property when working from home and/or treating it as a second home, but in the policy application he clearly answered that it was his main residence and it was occupied by him and his family both day and night.

The condition of the property

Mr N was asked:

"Within the last 10 years, has your property shown signs of cracking on the internal or external surface of an outside wall or party wall, whether this has been repaired or not?..."

Mr N answered 'no' to this question.

Mr N has said: *"I first notice the cracking approximately two months ago...I did not declare the cracking because...it was minor at the time and I did not consider it significant"*. This question demanded a statement of fact answer - not a statement of opinion.

Photos of the front, rear and inside of the property show that there was cracking. Mr N has failed to produce a homebuyer's survey that would've likely shown the condition of the property at purchase, as he says it was given as a paper copy. Regardless, online images show cracking at the front of the property before this policy began and Accredited have also shown images of the back of the property that show cracks that don't appear recent.

I find that Mr N failed to take reasonable care to not make a misrepresentation when answering this question. The question was clear and wasn't asking whether Mr N felt they were significant structural issues or not.

Was the misrepresentation a qualifying one?

Accredited have shown (through an explanation of their underwriting criteria) that had Mr N not failed to take reasonable care to not make a misrepresentation and they'd been given correct information at policy inception - they'd have not offered cover. Even setting to one side the issue of how much time Mr N was spending at the property or who was living in it,

Accredited have shown that they'd have not offered cover if Mr N had answered 'Yes' to the question asking about signs of cracking at the property.

This means they've shown that a qualifying misrepresentation has occurred and I consider this fair.

The categorisation of the misrepresentation

Accredited deemed Mr N's misrepresentation to be 'careless'. As this offers the most favourable outcome for Mr N (where a qualifying misrepresentation has occurred), I find this to be fair.

The actions taken by Accredited – the avoided policy

As I'm satisfied Mr N's misrepresentation should be treated as a qualifying careless misrepresentation, I've looked at the actions/remedies available to Accredited under CIDRA.

Where an insurer wouldn't have offered cover on any terms, they can avoid the policy from inception (as if it never existed), but must refund any premiums received. This is what Accredited have done. In addition, they wouldn't be required to deal with any claim, but I note Mr N withdrew the claim before policy avoidance.

As CIDRA reflects our long-established approach to misrepresentation cases, I find that allowing Accredited to rely on it to avoid Mr N's policy produces the fair and reasonable outcome in this complaint. Mr N has said the actions of Accredited when avoiding this policy were disproportionate, but the relevant law here – CIDRA, fairly allows them to take those actions.

When reaching my decision, I have considered if any mitigation applies that would mean the actions taken by Accredited result in an unfair and unreasonable outcome. I've also considered the Consumer Duty and Accredited's obligations to treat customers fairly. But when I've considered the explanations provided by Mr N and the further evidence he's provided (utility bills and renovation evidence) I still find the actions taken by Accredited to be fair and reasonable – for the reasons I've outlined above (the evidence of cracks at the property).

The actions taken by Accredited – the cancelled policy

Accredited also cancelled Mr N's policy for property 2 as they said:

“Unfortunately, upon updating the policy information for [property 2] to accurately reflect that you have had a policy voided within the last five years, it has been determined that we can no longer provide a suitable policy. This is because it falls outside the scope of our underwriting acceptance criteria.”

In the specific circumstances of this complaint, I find that to be fair under our fair and reasonable remit and in line with the relevant policy terms. I note fair notice of the cancellation (14 days) was given and Mr N has received a premium rebate.

My decision will not doubt disappoint Mr N, but it ends our Service's involvement in trying to informally resolve his dispute with Accredited.

My final decision

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 N to accept or reject my decision before 12 February 2026.

Daniel O'Shea
Ombudsman