

The complaint

Mr S has complained that Accelerant Insurance UK Limited (“Accelerant”) unfairly voided a policy following a claim for malicious damage.

Any references to Accelerant in this decision include its appointed agents.

What happened

Mr S owns a commercial premises which he rents out. In October 2022, Mr S took out, through his brokers, a Property Owner’s building insurance policy with Accelerant.

In November 2022, Mr S made a claim for malicious damage as it came to light that the property had been used as a cannabis farm. Accelerant appointed a loss adjuster to validate the claim and the loss adjuster visited the premises and compiled a report.

Accelerant then voided the policy on the basis that Mr S hadn’t made a fair presentation of the risk. It said it had been told the property only had one storey when it actually comprised a two-storey building, and that it wouldn’t have insured the two-storey building due to its poor condition. It also said it had been told there was only one tenant when there were three, and that the tenants weren’t those that were declared (building contractors) but were instead three storage companies and a food preparation company.

It said Mr S had been aware of issues with the tenant regarding non-payment of rent since July 2022, and that when policy cover was inceptioned in November 2022, those issues hadn’t been disclosed. It also said the cannabis farm would’ve been well-established at the point the cover started.

Mr S complained, saying that if Accelerant thought the tenants were different to those disclosed, it was likely it was confusing the various units, as he’d only had one tenant at the time. He also said his broker hadn’t passed on important information to the insurer.

In its response to the complaint, Accelerant said Mr S’s broker had told it the two-storey building wasn’t part of the risk address, and that even though Mr S felt there was some confusion over the properties in question, Accelerant wouldn’t have accepted the risk based on the two-storey building. It also mentioned that Mr S had been aware the tenant was in rental arrears for several months and he hadn’t inspected the property for several months prior to inception. It said these aspects were material as it couldn’t be confirmed that the property was in a good state of repair when the policy was inceptioned. It therefore maintained its decision to void the policy, but offered Mr S £500 for poor service.

Mr S didn’t accept Accelerant’s response and referred his complaint to the Financial Ombudsman Service. Our Investigator considered the complaint, and ultimately concluded that Accelerant’s decision to void the policy wasn’t unreasonable. Mr S didn’t agree, so the complaint has now been referred 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mr S and Accelerant have provided. Instead, I've focused on those I consider to be key or central to the issues in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm not upholding this complaint. I'll explain why.

The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

Mr S held a commercial Property Owner's policy. The relevant legislation for me to consider is therefore the Insurance Act 2015. Under the Act, commercial policyholders have an obligation to volunteer the right information to an insurer when taking out a policy, i.e. they have a duty to make a fair presentation of the risk. This means a commercial customer has to disclose either:

- Everything they know, or ought to know that would influence the judgment of an insurer in deciding whether to insure the risk and on what terms; or
- Enough information to put an insurer on notice that it needs to make further enquiries about potentially material circumstances.

The Act also says that a policyholder ought to know information that should reasonably have been revealed by a reasonable search of information available to them. I've looked at the reasons Accelerant gave in its intention to void letter dated 29 March 2023 – and it said the following:

"In the course of assessing the risk our Underwriters asked questions of the insured/broker. Specific questions asked in relation to this risk were:

The address provided for the quotation was Unit... [address omitted by Ombudsman]... which was declared as tenanted by a Building Contractors yard. The address was queried with your broker so as we could correctly identify the property and they advised "Yes the commercial unit is the 1 storey building not the house or 2 storey building". Broker amended the address to show as Unit... [address omitted by Ombudsman]... only.

Your response was inaccurate and/or did not provide the following matters and facts which the loss adjusters have identified:

The risk address does include the 2 storey Unit and that there in fact 3 tenants, none of which are the Building contractors that were declared. The tenants found at time of loss were 3 storage companies and a company undertaking food preparation.

You were aware of issues with the tenant and non-payment of rent since July 2022 which were not disclosed at inception of the policy. The policy cover was incepted 5 November 2022. The farm would have been well established by the time cover incepted."

As Accelerant raised a number of issues and made various misrepresentation allegations following the claim, I've dealt with each of these in turn.

Undeclared issues with the tenant and rent payment

Accelerant told Mr S he'd failed to make a fair presentation of risk when he didn't disclose issues he was having with non-payment of rent. The intention to void letter refers to issues dating back to July 2022, before the policy was taken out. Accelerant's position was that Mr S had attempted to enter the premises in August 2022 but was refused entry.

Whilst Accelerant hadn't asked Mr S any specific questions about this when the policy was taken out, it said this was material information that should've been disclosed. I agree that this information was important, particularly as Accelerant has alleged that the cannabis farm was well-established and must have been in place before inception of the policy.

However, Accelerant hasn't provided any underwriting information to persuade me that it would've acted differently had it been made aware of the non-payment of rent, or the refused entry into the premises.

So I'm not satisfied it's fair for Accelerant to void the policy based on the non-disclosure of these issues.

The risk address and condition of the property

Accelerant said it asked Mr S's broker to confirm the address of the insured property. It said the broker confirmed there was no two-storey building included in the risk address, which was incorrect.

Accelerant says if it had known the two-storey building was included, it wouldn't have offered to cover it, because it wasn't in a good state of repair at inception. But it's based this assessment on images it located online from 2015. Mr S has confirmed that since that date, the property was repaired and he's provided images from 2022 which show that the property was in a good state of repair prior to inception of the policy.

So, I'm not persuaded Accelerant acted fairly when it said there wasn't a fair presentation of risk here, as I'm satisfied the property – including the two-storey building – was in a good state of repair before the policy was taken out.

Occupancy of the building

I've checked the insurance schedule from 2022 to understand what information was passed on to Accelerant at the time of inception. And in this document, I can see that the policyholders were asked to provide details of occupancy. The schedule confirms the occupancy type was "Building Contracting" and I've seen no evidence Mr S attempted to correct this.

Accelerant has provided underwriting information which demonstrates that it wouldn't have offered cover if it had known the property was used for storage and not by building contractors. I'm persuaded, from looking at the underwriting information, that there would've been no cover available if the correct occupancy type had been declared.

There was some confusion about the correct units covered under the policy, and I don't think the food preparation company occupied any part of the risk address. But I also don't think this confusion meant there was no misrepresentation at all. The loss adjuster commented that *"We were not shown the single storey food preparation building, only the two storey*

premises within which the cannabis farm facilities had been destroyed”.

I've seen a copy of the loss adjuster's report which says: "Your Insured is [Mr S] (DOB....). The property was bought by his late father in 1986 and came into the insured's possession upon his father's death in 2014. From 2005 until December 2020 the property occupied as a storage facility by the same company. When they moved out a number of companies expressed an interest and the insured let it to another company which wanted to use it merely as storage."

The report also states next to "OCCUPATION OF PREMISES" that it was "Occupied by tenants for storage" and next to "USAGE OF BUILDING" that it was used for "Storage". The loss adjuster has confirmed to this Service that Mr S was present at the inspection and during the conversation about the use of the premises as a storage facility. I've seen the file note which confirms that the policyholder was present, and given the personal details provided about how Mr S came to acquire the property I think it's likely Mr S was involved in that conversation.

There's no evidence that Mr S corrected the information that was being given to the loss adjuster, for example, to say that the property was in fact used as a builder's yard as declared and not a storage facility. It follows therefore that I'm satisfied the property was being used as a storage facility, and not as a builder's office or contractor's yard, as had been previously disclosed. I'm persuaded that the risk associated with each of these property uses is significantly different and that Mr S had the opportunity to provide the correct occupancy details to Accelerant (or to his broker to pass on to Accelerant) and I've seen no evidence that he did.

As Accelerant has been able to show it would've acted differently and not offered cover if the correct occupancy information had been disclosed, I'm satisfied it was fair for Accelerant to treat this as a qualifying breach of Mr S's duty to make a fair presentation of risk.

Accelerant hasn't suggested that the breach was deliberate or reckless, so it avoided the policy, refused the claim and returned Mr S's premiums. I think in the circumstances, as it acted in line with the remedies available to it under the Insurance Act, Accelerant hasn't acted unfairly here.

It follows therefore that I'm satisfied Accelerant's decision to void the policy based on this qualifying breach was fair. It offered £500 compensation to Mr S for poor service, and I find this to have been a reasonable amount as there were some errors and delays which haven't impacted the overall outcome for Mr S. So, I won't require Accelerant to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 January 2026.

Ifrah Malik
Ombudsman