

The complaint

Mr A complains that Accredited Insurance (Europe) Ltd (AIE) avoided his short-term motor insurance policy and didn't deal with his claim. He's also unhappy that it caused delays in the claim. Reference to AIE includes its agents.

What happened

In May 2024, Mr A took out a short-term motor insurance policy with AIE through an online broker's site. After his car was stolen, he made a claim to AIE. He then complained about the amount of time it was taking AIE to deal with the claim.

In its response of September 2025, AIE said it had handled the claim correctly. The following month, AIE declined Mr A's claim, avoided his policy but returned the premiums he'd already paid. AIE said its policy didn't cover occupations connected to the licenced taxi or mini-cab driver trade. Unhappy, Mr A referred his complaint to our Service for a review.

Our Investigator considered the complaint and said that AIE had declined Mr A's claim fairly. But he thought AIE should pay Mr A £400 compensation for the distress and inconvenience its handling of the claim caused him. Mr A didn't agree. He said it wasn't made clear to him that the policy wouldn't cover him because of his occupation as a taxi company director. He wanted AIE to pay his claim.

As the complaint couldn't be resolved, it was passed to me for 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.

I'm aware I've set out the background to this complaint in less detail than the parties have presented it. I'm not going to respond to every single point raised. Instead, I've focused on what I find are the key issues here. I assure both parties, however, that I've read and considered everything they've provided.

I should first set out that I'm only considering the actions of AIE in this case. I know Mr A has raised concerns about not being able to access his insurance schedule. But it's the broker who's responsible for providing Mr A with the policy documentation. So, these concerns should be directed to the broker. My role here is to decide whether AIE has acted fairly towards Mr A.

Did Mr A take reasonable care not to make a misrepresentation?

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. 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 has to 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 a number of 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.

AIE thinks Mr A failed to take reasonable care not to make a misrepresentation when he applied for the policy. It said Mr A shouldn't have agreed to the online declaration as his occupation was excluded under it. The test for whether the consumer took reasonable care is set out in CIDRA. The standard of care required is that of a 'reasonable consumer'. This means I need to consider what a reasonable consumer would have done in the circumstances. AIE has evidenced that in order to buy the policy online, Mr A was asked to tick a box confirming the following:

"I confirm the following, that I, the Proposer...

am Not Unemployed, or have an occupation which is connected to the following trades or professions: Couriers, licenced taxi or mini-cab driver, Parcel Delivery, Fast-food delivery, Entertainment industry, or Professional Sports person."

I think the above statement was clear and the list of occupations was relatively short. As Mr A purchased the policy online, he must've ticked the box to confirm that he didn't have an occupation connected to the licenced taxi or mini-cab driver trade. So, I don't think it was unreasonable for AIE to say that Mr A made a misrepresentation at the time of the policy application. I say this because Mr A was a director of a taxi company and a registered taxi driver at the time of taking out the policy, so I find his acceptance of the above declaration to have been incorrect.

Mr A has said that it wasn't made clear to him that the policy wouldn't cover him because of his occupation. But I'm satisfied the above declaration made it clear that Mr A should've only accepted it if he didn't have a connection to the licenced taxi or mini-cab driver trade. The above declaration also went on to say that incorrect answers would invalidate the insurance. So, I'm satisfied that Mr A was given clear warning about the consequences of providing incorrect answers.

Was Mr A's misrepresentation a qualifying one?

Next, I've considered the impact on AIE as a result of Mr A's misrepresentation. AIE have confirmed that if Mr A had said he had a connection to the licenced taxi or mini-cab driver trade, he wouldn't have been able to proceed with the policy application. So, the impact of Mr A's misrepresentation to AIE is that it wouldn't have insured him. This means I'm satisfied Mr A's misrepresentation was a qualifying one under CIDRA.

When a misrepresentation is qualifying, the insurer has remedies available to it set out under CIDRA. What remedies are available depends on how AIE considers the misrepresentation. In this case, AIE has said that it considers the misrepresentation to have been careless. And as that's the most favourable for Mr A, I don't intend to interfere with that.

Under CIDRA, where a careless qualifying misrepresentation has taken place, and there's been a claim, the insurer is able to act as it would have done had no misrepresentation been made. In this case, AIE has shown it wouldn't have insured Mr A. So, under CIDRA AIE is entitled to avoid Mr A's policy from when the qualifying misrepresentation was made, which here, is when the policy was taken out. But AIE must return his premium, which I can see it

has done. Because AIE has avoided the policy from inception, there's no policy for Mr A to claim from. So, AIE not dealing with his claim is a reasonable action for it to take.

For the above reasons, I'm satisfied AIE's actions were ones it was entitled to take under CIDRA. And so, I'm satisfied they were fair and reasonable. It follows that I won't ask AIE to take any action with respect to this aspect of Mr A's complaint.

Handling of the claim

The relevant rules and industry guidelines say AIE has a responsibility to handle claims promptly, fairly and provide appropriate information on their progress. So, I've considered the relevant rules and the available evidence, to decide whether I think AIE treated Mr A fairly and reasonably.

Having reviewed AIE's claim notes, I can see that Mr A reported his claim to it in May 2024. However, AIE didn't decline the claim until August 2025, which is a period of 15 months. During this period, Mr A was asked on multiple occasions to provide additional information and documentation and he was interviewed about the theft. It's also clear from the notes that AIE didn't keep Mr A up to date with the progress of his claim as it should've and this resulted in Mr A having to chase it frequently for updates over a prolonged period of time.

AIE has said that it was entitled to investigate Mr A's claim. However, I don't think 15 months was a reasonable amount of time for AIE to take to validate Mr A's claim. I accept that AIE was entitled to carry out validation checks to ensure that Mr A's claim was valid under the policy, but I would've expected these checks to have been carried out promptly - at the outset of the claim. AIE's internal notes show that concerns were raised about Mr A's occupation in August 2024, however, these weren't followed up appropriately until August 2025. I'm satisfied that this amounts to poor claim handling.

While dealing with an insurance claim will inevitably involve some element of inconvenience, I think that AIE caused Mr A unnecessary and avoidable distress and inconvenience because of its failure to validate the claim promptly. In deciding what level of compensation I think is fair and reasonable, I've taken into account the overall length of time Mr A was in correspondence with AIE and the significant time and effort he spent pursuing this claim.

Like our Investigator, I'm satisfied £400 compensation is a fair and reasonable amount to compensate Mr A for the unnecessary distress and inconvenience caused. Having considered our award bands, I think this amount recognises the avoidable delays, inconvenience, lack of updates and the impact on Mr A whilst waiting for an outcome on his claim.

My final decision

For the reasons set out above, I partially uphold this complaint and require Accredited Insurance (Europe) Ltd to pay Mr A £400 compensation.

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

Linda Tare
Ombudsman