

The complaint

Mr M complains that Accredited Insurance (Europe) Ltd ('Accredited') voided his home insurance policy and didn't pay his fire damage claim.

What happened

Mr M took out a home insurance policy with Accredited in May 2024. Unfortunately, Mr M's property was severely damaged by a fire shortly afterwards. He contacted Accredited to report the incident and raise a claim.

While Accredited were investigating the claim, they said they'd identified Mr M appeared to be running a business selling birds from his property. They decided to void the policy because they said they never would have offered to cover him if they had known Mr M raised and sold birds from his property.

Mr M thought this was unfair and complained to Accredited. He explained that he raised the birds as a hobby and sold them to friends and acquaintances, not to make a commercial profit. Accredited considered the complaint but didn't change their outcome. They said this was because if Mr M had told them he carried out business at the property, they never would have offered any cover. Mr M remained unhappy with how Accredited had handled his claim – so, he brought the complaint to this Service.

An Investigator looked at what had happened but didn't recommend the complaint should be upheld. He said he was satisfied Accredited had fairly voided Mr M's policy in line with the remedies available to them under the Consumer Insurance (Disclosure and Representations) Act 2012 ('CIDRA'). The Investigator said Mr M hadn't taken reasonable care when taking out the policy and therefore a qualifying misrepresentation had occurred. And as Accredited had demonstrated they wouldn't have offered cover at all – they were entitled to void the policy and refuse the claim, but they had refunded his premiums.

Mr M disagreed with the Investigator's findings. He maintained that breeding birds at his property was a hobby, not a business, and that any sales were infrequent and minimal and did not produce a regular income. He said UK insurance guidance was clear that occasional hobby sales did not automatically constitute business use. Mr M also highlighted the significant impact the fire had caused and felt Accredited's investigation into the claim circumstances was inconsistent with the principles of fairness and reasonableness.

Mr M asked for an Ombudsman to consider the complaint – so, it's been passed to me to decide.

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, I've reached largely the same outcome as the Investigator, and I've decided not to uphold this complaint.

I want to start by explaining what I will be considering as part of this complaint. I appreciate Mr M has provided a detailed submission which outlined why he disagrees with the findings of Accredited's investigators. For example, he says they made speculative conclusions, did not prove allegations to the required standard, and did not consider whether reliance on historic, irrelevant, or non-causative issues was fair. However, while I assure both parties I've read and considered everything provided, I need to make it clear that my decision is focused on the reason for Mr M's policy being voided. In their final response to the complaint, Accredited explained they voided the cover because they believed Mr M did not tell them he was using his property for business use when he took out the policy. As such, there will be elements of the claim I do not need to make a finding on and instead, my decision will focus on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion.

As Accredited and the Investigator have already highlighted in their correspondence to Mr M, the relevant law here is CIDRA – which 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. If a consumer fails to take reasonable care, and does make a misrepresentation, 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 they 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. Accredited says Mr M didn't answer the question on business use correctly when he took out the policy and they voided the policy as they felt he had made a careless qualifying misrepresentation. So, I think the principles set out in CIDRA are relevant, and it's fair and reasonable to apply these principles to the circumstances of Mr M's claim.

That means I need to first consider whether Mr M took reasonable care not to make a misrepresentation. And when considering whether a consumer has taken reasonable care, I need to decide whether the information provided and any questions asked were clear. I understand that Accredited have said Mr M originally took out the policy via a price comparison website, and the question asked was:

"Is your home ever used for business?"

There was then an explanatory drop down which said:

"Wondering what counts as business use? You need to tell us if you have business visitors to your home, run a business from home or if you have paying guests.

What if you work from home? If you occasionally work from home or your employer, this doesn't count as business use."

I'm satisfied this question was clear and sufficiently broad and included a fair explanation of what needed to be disclosed. And I understand Mr M selected "No" to this question. His testimony has been that he does not run a commercial business and does not make a regular profit from the sale of the birds he rears, which he says are sold to friends and acquaintances. However, I need to outline here that the test as to whether Mr M took reasonable care is one of a reasonable consumer, not one unique to Mr M. And this means I have to consider what I think a reasonable person would have done when presented with the information he was presented with.

Accredited has provided evidence that Mr M advertised birds for sale online and in forum groups. And he also provided a commercial license he said he required in order to sell birds that are on endangered species lists. So, while I take on board Mr M's comments around how he rears bird at the premises, I think regularly advertising animals for sale online and requiring a commercial license to do so goes beyond an occasional hobby activity and would be understood as a running a business by a reasonable person. So, I'm persuaded that the evidence demonstrates that a misrepresentation was made when Mr M said that no business use occurred at the premises.

I've then gone on to consider whether I'm satisfied that the misrepresentation was a qualifying misrepresentation under CIDRA. As the Investigator previously set out, Accredited have provided underwriting evidence which I'm satisfied demonstrates that they wouldn't have offered the policy at all, had Mr M told them he used his premises for business use. This means I'm satisfied the misrepresentation was qualifying and Accredited was entitled to apply the relevant remedy available to them under CIDRA. Accredited classed Mr M's misrepresentation as careless. And under CIDRA, this means they were entitled to avoid the policy, refuse any claims, but must return the premiums paid. Based on the evidence I've seen; I think that Accredited treating the misrepresentation as careless was a reasonable position for them to take. This is because I do not think the evidence supports that Mr M intentionally tried to provide misleading information. It follows that I'm satisfied Accredited has shown a qualifying careless misrepresentation was made.

As Accredited have done what they are entitled to do under CIDRA for a qualifying careless misrepresentation, I see no reason to interfere with their decision. And because CIDRA reflects this Service's long-established approach to misrepresentation cases, I find that allowing Accredited to rely on it to avoid Mr M's claim and void his policy produces a fair and reasonable outcome to this complaint. I appreciate this isn't the outcome Mr M was hoping for, and I don't underestimate the significant impact this claim has had on him, especially during an already difficult time in his life. But my role is to consider whether Accredited acted fairly and can justify their decision to void the policy, based on the available evidence. And having considered this complaint and evidence very carefully, I don't find that Accredited has acted unfairly.

My final decision

For the reasons given above, 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 M to accept or reject my decision before 17 March 2026.

Stephen Howard

Ombudsman