

The complaint

Mr N has complained that Accredited Insurance (Europe) Ltd ('Accredited') avoided his home insurance policy (treated it like it never existed) and refused to pay his claim.

What happened

Mr N took out a home insurance policy with Accredited through an online price comparison website and also discussed it with a broker. A few weeks later, he made a claim for storm damage. Accredited said Mr N answered the question it asked about previous claims incorrectly. And it considered this to be a deliberate or reckless misrepresentation, which entitled it to void the policy, keep the premiums and not to deal with the claim.

Mr N complained to this service. Our investigator didn't uphold the complaint. She said it was reasonable for Accredited to take the action it did, as if it had known about the previous claims, it wouldn't have offered the policy. As Accredited considered it to be a deliberate or reckless misrepresentation, this entitled it to void the policy, keep the premiums and not deal with the claim.

As Mr N didn't agree, the complaint was referred to me.

I issued my provisional decision on 11 August 2023. In my provisional decision, I explained the reasons why I was planning not to uphold the complaint. I said:

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 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, reckless, or careless.

Accredited thinks Mr N failed to take reasonable care not to make a misrepresentation when he said he hadn't made any insurance claims in the previous five years. I've looked at the question Mr N was asked on the price comparison website. This was "Have you or anyone living at the property made any home insurance claims or suffered any losses in the last 5 years?". The additional information explained this should include incidents even if Mr N didn't make a claim and regardless of if he was paid for the claim. I think this was a clear question.

The policy documents Mr N was later sent explained that if anything in the statement of facts was incorrect that Mr N should contact the broker, as it could result in Accredited taking

action, such as cancelling or voiding the policy or refusing to deal with a claim. In the section that showed the claims history for the previous five years, no claims were listed.

I have seen the details of the claims for the previous five years. This showed five claims. Two of them were under a policy in Mr N's mother's name, one was under Mr N's name as the policyholder, although it noted he was the executor, and the other two were listed under Mr N's name as the policyholder. Mr N accepts that he made a claim in June 2022. He has said that he didn't declare it because he was still dealing with the death of his mother. He said he was also still waiting for the outcome of the claim and only received this after he had taken out the policy with Accredited. But, I think it's clear Mr N was aware of this claim and should have declared it based on the question he was asked.

Looking at the other claims, even if Mr N was only acting as the executor for one of the claims, there was a claim in December 2019 for storm damage where Mr N was the named policyholder. From what I can see, the claim appeared to be declined. But, based on what Mr N was asked, he still needed to declare it when he took out the policy. In my view, it was reasonable for Accredited to assess that Mr N would have been aware of a claim made under a policy in his name. So, I also currently think it was reasonable for Accredited to decide there were two previous claims Mr N didn't declare.

Accredited has provided its underwriting criteria, which showed that had it known Mr N had made multiple claims in the previous five years that it wouldn't have offered the policy. So, I'm satisfied this was a qualifying misrepresentation.

Accredited has classified this as a reckless misrepresentation. It said Mr N would have been aware of the claims, including because he advised Accredited that he hadn't declared one of the claims because the settlement offered by a previous insurer was too low. In the circumstances, I think Accredited's assessment was fair. I'm aware Mr N has said most of the claims were under a policy in his mother's name, but two of the claims were in Mr N's name and one was in his name as executor.

As I'm satisfied Mr N's misrepresentation should be treated as reckless, I've looked at the actions Accredited can take in accordance with CIDRA. This allowed Accredited to avoid the policy and keep the premiums. It also meant Accredited didn't need to pay the claim. This is what Accredited did. So, I think the action it took was fair and reasonable. I'm aware Mr N seemed to be refunded some money by the broker. However, from what I've seen, this wasn't the home insurance premium itself and I don't think this meant that Accredited needed to refund the premium.

I asked both parties to send me any more information or evidence they wanted me to look at by 8 September 2023.

Accredited didn't reply. Mr N said he was still unhappy that Accredited had kept the premiums as well as voiding the policy. He said he had been unable to obtain new insurance.

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 don't uphold this complaint and for the reasons given in my provisional decision. Having reviewed the complaint again, I remain of the view that the action taken by Accredited was reasonable in the circumstances. This included Accredited both voiding the policy and keeping the premiums, as it was entitled to do this under CIDRA.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 9 October 2023.

Louise O'Sullivan
Ombudsman