

The complaint

G has complained about Accelerant Insurance Limited's decision to turn down its claim under its Small Commercial/SME Package Cover insurance policy for damage to its premises caused by a fire.

G is represented by Mr M, who is a director.

G's claim was dealt with by a loss adjuster appointed by Accelerant. But I've referred to Accelerant throughout this decision for the sake of ease.

What happened

G's fish and chip shop was damaged by a fire and Mr M made a claim under its policy. Accelerant investigated the claim and eventually turned it down on the basis G had breached a policy condition, as it thought this was material to the claim, i.e. if G hadn't breached the condition the fire wouldn't have started and caused damage to G's premises. Mr M said the original statement he'd made about what had happened was wrong and that G had not breached the relevant policy condition. Accelerant wouldn't alter its position and Mr G made a complaint. Accelerant still wouldn't alter its position, so Mr G asked us to consider G's complaint.

One of our investigators considered the complaint and said she was satisfied Accelerant was entitled to turn down G's claim. Mr G isn't happy with the investigator's view and has asked for an ombudsman's decision. He's said he wasn't present when the shop was shut prior to the fire and made a wrong assumption about the end of night procedure that was followed. And he's pointed out that Accelerant has never actually spoken to any of the staff that were there at the time. He's also mentioned the Fire Brigade report said the fire started accidentally. Finally, he's pointed out that our investigator didn't speak to the staff who were there on the night the fire occurred.

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.

Industry rules set out by the regulator (the Financial Conduct Authority) say insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules, and other industry guidance, into account when deciding what I think is fair and reasonable in the circumstances of G's complaint.

It's clear the fire at G's premises started accidentally. And G's policy covers damage caused by fire to its premises. But it has the following condition: 'all oily or greasy waste and cloths are kept in metal bins with metal lids and removed from the Premises at the end of each day'. According to Mr M's initial account of what happened the 'fire started in a bin of scraps which had cold batter poured over it...'. And I'm satisfied if this was the case it would mean G had breached the abovementioned condition and that Accelerant would be entitled to reject its claim. This is because, in my opinion, scraps constitute greasy waste.

I've noted what Mr M has said about his initial account of what happened turning out to be wrong. But I think Accelerant's decision to rely on his initial account was reasonable in the circumstances. I say this because it seems Mr M only altered the account after he became aware there may have been a possible breach of the abovementioned condition. And it is fair to say that in most circumstances the initial account given by someone without full knowledge of the implications is most likely to be what actually happened.

And – having had Mr M's initial account, I don't think it would have made any difference if Accelerant had spoken to the staff who were on duty when the shop closed prior to the fire. I say this because Accelerant was entitled to assume that what Mr M had said originally was correct. And after the claim had been turned down, any staff would most likely have appreciated the implications of confirming what Mr M had said initially was correct. So, it would have been difficult for Accelerant to accept their testimonies as unbiased and independent. I do of course appreciate it is possible that Mr M was mistaken about what happened originally. But I am considering whether Accelerant's approach was reasonable bearing in mind what he said originally. And I think it was.

I would not have expected our investigator to speak with the staff concerned, as our role is to consider whether what Accelerant did was appropriate, not re-investigate the claim.

In summary, while I appreciate how difficult it must be for Mr M in view of the loss to G, I'm satisfied Accelerant's decision to turn down G's claim was in line with the policy terms and fair and reasonable in the circumstances. Therefore, I don't think it unreasonably rejected it.

My final decision

For the reasons set out above, I do not to uphold G's complaint about Accelerant Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 13 January 2024.

Robert Short
Ombudsman