

## **The complaint**

Mr B complains Accredited Insurance (Europe) Ltd avoided his motor insurance policy (treated it like it never existed) and refused to pay his claim.

Mr B is represented in this complaint by Ms B. For ease, I'll refer to Mr B throughout this decision.

## **What happened**

In May 2023, shortly after his motor insurance policy had renewed, Mr B was involved in a car accident. He made a claim to Accredited, but it declined his claim and told him it was avoiding his policy back to the renewal date.

Accredited says Mr B failed to disclose his correct occupation at the time his policy renewed. It says this information was set out in the renewal documents, which notified Mr B of the importance of ensuring the information was correct. And its underwriting criteria meant it wouldn't have offered cover if it knew Mr B was unemployed. Accredited considered this a qualifying misrepresentation and it avoided his policy, declined his claim and retained the policy premium Mr B had paid.

Mr B complained to Accredited. It didn't change its view, so he brought his complaint to this service. He told our service the risk for Accredited reduced as he wasn't commuting on major roads while unemployed. He wasn't explicitly asked if his job status or other details had changed and forgot to say about it, possibly due to a language barrier. Mr B also explained the decision by Accredited to avoid his policy is having a significant practical and financial impact on him.

The Investigator looked into matters but didn't think it should be upheld. They thought there had been a deliberate or reckless qualifying misrepresentation, so, Accredited was entitled to take the steps it had.

Mr B doesn't agree with this. He says it's unsatisfactory not to be sent a copy of the underwriting evidence to show it wouldn't have offered cover to an unemployed person.

As an agreement couldn't be reached, the matter was passed to me for a 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.

Having done so, I must tell Mr B I think the investigator has reached a fair outcome here. So, I don't uphold his complaint in this matter. I'll explain why.

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.

If the 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 must 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.

Accredited says Mr B failed to take reasonable care not to make a misrepresentation when he didn't tell them he was unemployed at the policy renewal in March 2023. It says when Mr B took out his policy, he was asked a number of questions, including his occupation, and it used this information, along with the responses to its other questions, to evaluate the risk of the policy. When the policy renewed, the information Mr B had provided was detailed in the policy documentation he was sent. And it's his responsibility to ensure this is correct.

I have read the renewal invitation Mr B was sent in March 2023. This says:

***'Please review your documents***

*You need to take time to review your statement of facts, policy schedule and other documents which are enclosed with this letter...*

*The **statement of facts** is a record of what you have told us about your car, any named drivers and your driving needs. Please let us know if anything is incorrect.'*

***'What we need from you***

*We rely on the information you give us when deciding whether or not to offer you an insurance quotation. You must take reasonable care to provide full and accurate answers to the questions we ask when you take out, make changes to and renew your policy. If you do not give us full and accurate information, we all your insurers may cancel your policy (or policies), refuse to pay any claim...or treat your policy as though it never existed.'*

*'You must tell us about any change in your circumstances (based on the answers you gave to our questions) which happens before or during the period of insurance.'*

*[On the Statement of Facts] 'This is an important document... Read it carefully and advise us immediately should any of the information be wrong or there is any missing... Failure to supply accurate and complete answers may mean that your policy is invalid and that it does not operate in the event of a claim...'*

I'm satisfied the renewal information he received was clear - it was Mr B's responsibility to ensure the details set out in his policy were accurate. Further, Mr B spoke to Accredited on the phone to pay for the renewal and a relevant extract is set out below.

Mr B                    *I'm not working at the moment, I'm not doing too much mile. Only 2,000 mile, it was 6,000 before.*

Accredited          *So, we've got you down as being a [occupation] so are you not working anymore?*

Mr B *I am working just part time, not like full time like before.*

When discussing the matter in June 2023, after the claim had been made, Accredited asked Mr B when he became unemployed. Mr B answered it was about '8 months ago', which was some months prior to the policy start date. When asked the reason for becoming unemployed, he said he sold his business and stopped working. Instead, he explained he was studying at college and intending to return to work around 2-3 months later, although he wasn't sure if this would be back to his previous occupation or a different one as he was trying to change. Mr B said he'd been supporting himself with universal credit and had no other income.

From this conversation and in his complaint form to this service, it is clear Mr B was unemployed at the time he received the renewal invitation and spoke to Accredited in March 2023. Therefore, the information he'd given about not being unemployed – when taking out the policy initially and in the call to pay for it - wasn't accurate at the policy renewal.

Accredited sent this service evidence it wouldn't have accepted the risk had it known Mr B was unemployed at the time the policy renewed. I appreciate Mr B wants to see this but information like this is commercially sensitive, so I'm unable to share it. But I accept cover wouldn't have been provided. It follows Mr B's representation was a qualifying one.

From everything I've seen, I'm satisfied Mr B's representation should be treated as a deliberate or reckless qualifying misrepresentation. I say this because he told Accredited he was employed part time in March 2023 when asked if he wasn't working. However, it's clear from subsequent information provided by Mr B that he was unemployed at the time.

In light of the above, Accredited was entitled to avoid Mr B's policy from the renewal of the policy. As this means - in effect - his policy never existed beyond the March 2023 renewal date, Accredited doesn't have to deal with Mr B's claim following the accident. And it has retained the premiums Mr B has paid which is justified under CIDRA in these circumstances.

Mr B says he feels the risk dropped as he was no longer commuting on major roads. However, it's for an insurer to decide if the level of risk presented by someone is acceptable to it. And this isn't something which this service would generally interfere with.

I note Mr B says Accredited wouldn't have discovered this if he hadn't made a claim. And he forgot to tell Accredited the situation had changed and suggests a language barrier may have impacted this. I don't see things the same way. Mr B was obliged to provide accurate information in his answers, taking care not to make a misrepresentation. If Mr B was unclear about anything he had the opportunity to obtain assistance or contact Accredited to clarify matters. Having listened to the calls, Mr B was asked a clear question and he gave a clear answer. However, at the time of the call in March 2023, the information he gave wasn't correct. So, whilst I appreciate the significant impact the avoidance is having, I don't uphold this complaint against Accredited.

I recognise Mr B will be disappointed with this outcome. But my decision ends what we – in trying to resolve his dispute with Accredited – can do for him.

### **My final decision**

For the reasons set out above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 January 2024.

Rebecca Ellis  
**Ombudsman**