

## **The complaint**

Mr K complains that Amtrust Europe Limited withdrew cover under his credit protection insurance policy and turned down his claim.

## **What happened**

Mr K's car was damaged by a third party and so he called to claim on his car insurance policy. Rather than claiming on his car insurance policy he was referred to an accident management company (AMC) as he said he wasn't at fault for the accident.

The AMC provided Mr K with a hire car and a credit protection insurance policy. The credit protection insurance policy is designed to cover the hire car and repair charges for Mr K if the AMC is unable to reclaim them back from the third party responsible for the accident. At the same time Mr K also made a claim for personal injuries which he said he'd suffered because of the accident.

During the course of the claim the third party disputed Mr K's personal injury claim. It said Mr K had been seen playing sport and therefore felt his claim was fraudulent. Because of this the AMC said it was unable to recover the hire and repair costs from the third party's insurer. Amtrust said Mr K had breached the terms of the agreement by prejudicing the ability for the hire costs to be recovered. So declined to cover the hire car costs and withdrew cover under the policy.

Mr K didn't think this was fair and complained. Amtrust reviewed the complaint and didn't uphold it, so Mr K referred his complaint here. He said Amtrust was refusing to provide cover it was obliged to under the policy.

Our investigator reviewed the complaint and didn't recommend it be upheld. She found that the terms of the policy allowed Amtrust to decline claims if Mr K did something which prevented the AMC recovering the hire charges. And, as Amtrust had shown these couldn't be recovered due to the personal injury claim made by Mr K, she didn't think Amtrust had acted unfairly. Mr K didn't agree. He said the personal injury claim wasn't relevant. He also said he'd needed a hire car due to the third party's actions and so the policy should cover these.

As Mr K didn't agree the complaint has come 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.

The terms and conditions of this policy say Amtrust will not be responsible for:

*“4.6 Credit Agreement Charges where the Insured;*

*...*

*(c) wilfully or negligently prejudices the Third Party Claim and, in particular, their ability to recover the Credit Agreement Charges from the Defendant in a Third Party Claim;”*

Amtrust has shown that the AMC is unable to recover the hire car charges from the third party due to Mr K more likely than not making a fraudulent personal injury claim. While I understand Mr K thinks the personal injury claim shouldn't be relevant, I disagree.

I say this because where an aspect of a claim is shown to be fraudulent an insurer is entitled to decline the whole claim. So as the third party insurer had concerns over Mr K's personal injury claim, it meant it refused to pay for the hire car costs. And so, Amtrust has shown the fraudulent personal injury claim has prejudiced the AMC's ability to recover the hire charges. I'm therefore not persuaded Amtrust has acted unfairly by declining Mr K's claim for the reasons it has.

### **My final decision**

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 October 2023.

Alex Newman  
**Ombudsman**