

## The complaint

Miss U had a motor insurance policy underwritten by Accredited Insurance (Europe) Limited. She says she should have received a premium refund after she cancelled the policy.

## What happened

When Miss U cancelled the policy, there was an open claim on it. Accredited advised her that the policy terms said no refund would be paid if a claim was still open, or if she was found to be liable, or partly liable. Miss U and her representative (Miss N) queried that. They said Miss U had backed into another car, but that there was no damage to it. In response to Miss U's complaint, Accredited said a claims handler was dealing with liability (which hadn't yet been determined) but that it seemed Miss U was *likely* to be held at fault. It pointed to its terms and conditions and said it had kept to them, taking the open claim into account.

One of our investigators reviewed Miss U's complaint about Accredited's decision. He said he thought it had acted fairly and in line with its terms and conditions. He also said that if the claim was settled with Miss U held at fault, if Accredited's outlay was less than the refund of premium due, we thought it should pay Miss U the difference. Miss U and Miss N didn't comment on the investigator's view. Accredited said it agreed that the complaint shouldn't be upheld, but not with what the investigator had said about a possible partial refund, as it took away its ability to make a decision later on.

As there was no agreement, the complaint was passed to me for review.

## 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.

I think Accredited acted in line with its policy terms and conditions in advising Miss U that it wouldn't provide a refund of her premium whilst the claim was open. Miss U agreed to the policy's terms and conditions when she bought it. And Accredited's approach is in line with standard insurance industry practice.

I appreciate that not having a refund after the cancellation may have prevented Miss U from buying another policy, and I sympathise with the situation in which she found herself. But as I don't think Accredited has acted unreasonably, I can't uphold her complaint.

Accredited accepted the investigator's view that Miss U's complaint shouldn't be upheld. But it said it didn't accept being asked to agree to something that hadn't yet happened. It said it didn't know what the cost of the claim would be, but *if* there was a surplus premium after that, Miss U could raise a new complaint if she disagreed with how it handled the situation.

This complaint is limited to the situation that applied when Accredited dealt with Miss U's complaint - which was about its failure to provide a refund when the claim was still open. It

remains to be seen whether Miss U will be held liable for the accident or not, so that's irrelevant here. The investigator's intention was simply to point out that we think (in the rare cases where a claim costs less than the outstanding premium) that it's fair and reasonable to return any surplus to a policy holder. But it's always *for the insurer to decide* what to do should such a situation arise. A consumer who disagrees with an insurer's decision has to complain to it and give it a chance to respond before we can review it.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss U to accept or reject my decision before 10 April 2024.

Susan Ewins

**Ombudsman**