

## **The complaint**

D, a limited company, complain that they were mis-sold an invoice insurance policy by Accelerant Insurance Europe SA/NV UK Branch.

Where I refer to Accelerant, this includes the actions of its agents for which it takes responsibility.

## **What happened**

In July and August 2022, D took out two invoice insurance policies to protect themselves against the risk of their customers failing to pay. But when they later made a claim, Accelerant declined them. It said the policy only pays the invoice if the customer has been made insolvent or bankrupt, which isn't the case here.

D complains that the policy has been misrepresented by Accelerant as the information provided at the point of sale led them to believe they'd be covered for any non-payment. And the policy had no right to cancel once purchased. They want Accelerant to cover the claims.

Accelerant said D took the policies out online through a non-advised sale, and they were required to read the Insurance Product Information Document (IPID) and the policy terms and conditions, before purchasing the policy, which set out clearly the cover available.

D brought their complaint to our service, but our Investigator didn't uphold it. He was satisfied the information provided at the point of sale was clear, fair, and not misleading. As D didn't agree, the complaint has been passed 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.

Having done so, I've reached the same conclusion as our Investigator and for broadly the same reasons. I'll explain my key reasons why below.

I'd firstly like to reassure D that whilst I'm aware I've condensed what they've told us in far less detail and in my own words, I've read and considered all their submissions. I'm satisfied I've captured the essence of the complaint and I don't need to comment on every point individually, or possibly in the level of detail they'd like, in order to reach my decision. This isn't meant as a discourtesy, but it simply reflects the informal nature of our service.

These insurance policies were sold on a non-advised basis – which means Accelerant didn't give D any advice about the policy cover or whether it was suitable for their needs. In these circumstances, Accelerant must provide D with enough information for them to be able to make an informed decision about taking out the policy. And the information must be clear, fair, and not misleading.

I've reviewed the relevant website, using an archived webpage via Wayback, to ascertain what information D would've seen when they initially took out a policy in July 2022. On this page, it says "*insure your invoices in seconds*" and underneath there are three boxes in a line which indicate a three step process. They say:

*Upload invoices*

*Insure individual invoices or connect your accounting software to check the risk across your whole sales ledger.*

*Insure against default*

*See the risk for every transaction and get instant quotes on the invoices YOU select to insure against non-payment.*

*Get paid*

*If an invoice is overdue, we work with your customer to collect payment. If the worst happens and your customer becomes insolvent, we pay you 90%\* of the invoice value.*

I appreciate D says this information is misleading as they believed they were covered for payment of an outstanding invoice in two scenarios; 1) non-payment of the invoice by the customer, and 2) if the customer becomes insolvent. They say this was misrepresentation in order to entice them into the contract.

But I don't agree. The policy insures D for non-payment of an invoice by assisting with debt recovery, but D will only "*get paid*" if the customer becomes insolvent. This is further explained in the IPID and policy terms, which is the basis of the contract of insurance. And it's these documents that D needed to have read in order to understand the policy they were taking out rather than relying on headline information designed to promote interest in the policy.

I appreciate D says they weren't sent a copy of the policy documents until after the policies were purchased. But I can see that in order to complete the transaction, D would've needed to tick a box confirming they'd read and understood the IPID and policy terms. These documents could be viewed by clicking on the name of the document which was in bold.

If D couldn't access the policy documents, it's not clear why they ticked the box and proceeded with the purchase without contacting Accelerant to request the information. But even if I found that the documents weren't available at all at the point of sale, D would've had access to the IPID and policy terms after they purchased the first policy in July 2022 when the documents were sent to them. So it doesn't explain why they weren't clear on the policy coverage by the time they took out the second policy in August 2022.

If D had read the policy terms, they would've seen clear, fair, and not misleading information on the policy cover. The terms say:

*Cover provided by this policy*

*In accordance with the terms of this Policy, We will...pay You for an Insured Loss provided always that the Insolvency Event Date occurs during the Policy Period shown in the Schedule.*

The policy defines "insured loss" as:

*The amount of the Invoice(s) which remains unpaid (in whole or in part) in respect of a Buyer who is subject to an Insolvency less Permitted Deductions.*

I'm satisfied this clearly explains that Accelerant will pay an unpaid invoice if the customer is insolvent.

Furthermore, the IPID document says:

*What is this type of insurance?*

*This is an invoice insurance policy. Invoice insurance can protect your invoices against non-payment in the event of an insolvency or bankruptcy and against any outstanding losses which you incur as part of a company voluntary arrangement (CVA).*

*What is insured?*

- *You are insured for the unpaid amount of a sales invoice issued by you to a buyer.*
- *You are insured in case your buyer is declared insolvent (by way of receivership, administration, liquidation, winding up or a court approved compromise with all creditors) or is declared bankrupt.*

I appreciate the two bullet points indicate two heads of cover. But, as I've explained above, the cover under the policy isn't solely to pay out unpaid invoices, it also assists with debt recovery. In any event, an IPID isn't intended to set out the full policy cover which is why D was required to read and confirm they understood both documents before purchase.

Taking everything into account, I'm satisfied Accelerant provided D with clear, fair, and not misleading information which was enough for them to make an informed decision on whether the policy was suitable for their needs.

But even if I'm wrong about that – which I don't think I am – the outcome D wants is for Accelerant to pay the claims they made. However, in order to conclude that I'd need to be satisfied, if given different information, D would've taken out an alternative policy which would've covered those claims. D hasn't provided evidence which suggests it would have done so. And I'm not aware of a policy offering the cover D wanted at a price it would have been prepared to pay. So even if I was to find that the policies were mis-sold – which I'm not – I wouldn't be able to provide the outcome D is looking for.

Lastly, I understand D is concerned that after taking out the policies, there was no right to cancel which they say is an attempt to override a statutory right of the buyer. But there is no automatic right to a cooling off period in business-to-business contracts and its absence in commercial insurance policies is not uncommon.

The policy terms say this policy is not cancellable by the policyholder – which D would've seen had it read the document at point of sale. I don't consider this term to be unfair. The invoice insurance policy is designed to cover the risk of a customer not paying a debt. If the policy could be cancelled, even in limited circumstances like a cooling off period, a policyholder could cancel the policy as soon as their customer pays the invoice and they know the cover isn't required anymore – which isn't how insurance cover works.

### **My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or

reject my decision before 5 June 2024.

Sheryl Sibley  
**Ombudsman**