

The complaint

Mr D complains that Accredited Insurance (Europe) Ltd (“Accredited”) said it would pay a proportion of a claim under his car insurance policy because he’d misrepresented his annual mileage.

What happened

Mr D had a motor insurance policy with Accredited covering his car. When he’d taken out the policy in February 2023 he said he thought his annual mileage would be less than 3,999.

His car was vandalised outside his home in October 2023. Extensive damage was caused and Accredited said it thought the car was beyond economic repair. It declared the car to be a write off.

Accredited investigated Mr D’s annual mileage, which had been about 10,000 for each of the previous two years. It said it thought he’d misrepresented this when he’d applied for cover and it would have charged a higher premium if he’d told it the proper mileage.

It said it would pay him about 78% of the claim, in proportion to the premium it says he should have paid.

Mr D brought his complaint to this service. He says his job changed in February 2023 to primarily work from home, meaning he’d be driving much less, and he’d committed to make changes to his lifestyle to reduce his carbon footprint. He asks that Accredited pay his full claim.

Our investigator looked into Mr D’s complaint and thought it would be upheld. He thought Mr D had expressed an opinion about his annual mileage, rather than a fact, and that his employer had confirmed his change of workplace. He said Accredited should deal with Mr D’s claim fully, adding interest on the extra amount at 8% simple. He also thought it should pay Mr D £200 for his distress and inconvenience.

Mr D accepted the view but Accredited didn’t. It said it still thought that Mr D had misrepresented his annual mileage.

Because Accredited didn’t agree, this complaint has been passed to me to make 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 read the file of evidence, I’m upholding Mr D’s complaint.

I can see from the file that Mr D drove approximately 10,000 miles per year for the two years before the vandalism happened. This is confirmed by MOT and other records.

Then in October 2023, when Accredited inspected the car after the vandalism and it showed

Mr D had again driven about 10,000 in the preceding 12 months.

Accredited said it thought Mr D misrepresented his annual mileage because of this 10,000 per year pattern.

Mr D said he'd done more miles than before during the last months of 2022 into 2023. But then his role had changed in February 2023 (which is also when he took out cover with Accredited and said he thought he'd drive up to 3,999 miles).

His line manager wrote to this service and confirmed Mr D worked "primarily" from home from January 2023 which seems to align with Mr D's description of his job change.

It may help if I explain that there's specific law dealing with consumer misrepresentation, the Consumer Insurance (Disclosure and Representations) Act 2012 ("CIDRA") - which sets out what insurers may do when a consumer's made a misrepresentation. CIDRA says that where, but for that misrepresentation, an insurer would have offered the policy, but charged a higher premium, then the insurer may settle any claim on a proportionate basis. This is the action taken by Accredited.

It's this service's approach that if the consumer gave a statement of opinion, rather than a statement of fact, we'll need to consider whether their answer was reasonable. And in this case, I don't think Accredited has reasonably shown that Mr D should have answered the question differently or indeed that his answer was misrepresented.

Mr D has explained that he started working from home, which would've had the impact of reduced his annual mileage.

And he's not asked for commuting cover, which I think aligns with the change in his workplace.

He's also said his mileage was higher in the final months of 2022 into 2023, and looking at the maths involved would seem to imply he'd driven about 6,000 miles in about a four month window. This doesn't seem unreasonable given the distances Mr D had to travel to his workplace, but I agree with Accredited that it's an unusual pattern.

Critically, Accredited hasn't provided evidence to show why this pattern couldn't have happened. Its position is based on the pattern I've written about above, of about three years' use of the car. But it doesn't take into account Mr D's change of workplace which has been confirmed by his line manager.

Taking this into account, I don't think Accredited has reasonably shown Mr D misrepresented his mileage.

It now needs to settle Mr D's claim in full and in line with the policy terms and conditions.

It's my understanding that Accredited has already made a partial payment, so it now needs to pay the remainder of the claim, plus interest on this amount at 8% simple from the date the first payment was made, to the date this payment is made.

I can also see Mr D has been caused distress and inconvenience as a result of Accredited's actions. He has accepted the view of £200 for this and I think this amount is appropriate and in line with this service's guidelines.

My final decision

For the reasons set out above, it's my final decision that I uphold this complaint.

I direct Accredited Insurance (Europe) Ltd to:

- Settle the remaining portion of Mr D's claim in accordance with the remaining terms and conditions of his policy.
- Pay interest on the difference at 8% simple, from the date it made the first payment to the date this payment is made. If Accredited Insurance (Europe) Ltd considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr D how much it's taken off. It should also give Mr D a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay Mr D £200 for his distress and inconvenience.

Accredited Insurance (Europe) Ltd must pay the amount within 28 days of the date on which we tell it Mr D accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 31 July 2024.

Richard Sowden
Ombudsman