

## The complaint

Mr L complains that Accredited Insurance (Europe) Ltd (AIEL) paid for only part of his repairs costs and increased his premium following a claim made on his motor insurance policy. He wants it to pay the full costs of his repairs.

## What happened

Mr L was involved in an incident, and he made a claim to AIEL. It investigated the claim and found that Mr L was recently made unemployed. It said he should have told it about this change in circumstances. And it said this changed its risk and increased his premium. So it said that it would only pay 55% of his repair costs. Mr L said he didn't know that he should have told AIEL about losing his job. He said his personal circumstances had been very difficult at the time. He said he would pay the increased premium but wanted AIEL to pay for the full costs of his repairs.

Our Investigator recommended that the complaint should be upheld. She thought Mr L should have told AIEL that he was now unemployed, in keeping with the policy's terms and conditions. But she thought AIEL should have taken account of Mr L's personal circumstances and made allowance for his vulnerability. So she thought it had unfairly settled his claim proportionately. She thought it should now pay the claim in full.

AIEL asked for an Ombudsman's review, so the complaint has come to me for a final 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.

I can understand that Mr L felt stressed and frustrated when AIEL decided to settle his claim in part. Mr L has shared his personal circumstances with us, and I was sorry to hear about the difficult time he has experienced.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably. AIEL said Mr L hadn't complied with Section 6.9 of his policy. This states:

*"You must tell us immediately if any of your information is incorrect or changes. If we have wrong information this may result in an increased premium and/or claims not being paid in full, or your insurance may not be valid and claims will not be paid. Please refer to point 6.9.3. for full details. If you are in any doubt about any information, contact us as soon as possible.*

*6.9.1. Changes to information we need to be informed of include, but are not limited to, these situations and apply equally to all drivers covered under the policy:*

- *A change in full or part time occupation."*

When Mr L took out his policy, AIEL sent him a Welcome Pack. The cover letter told Mr L, amongst other things:

*“Check Your Details & Your Cover - Please check all your documentation carefully. You have a duty to take reasonable care in providing us with accurate information, therefore it is essential that you advise us of any changes to your details. Failure to do so could mean claims might not be paid in full or at all, and your policy could be cancelled, voided, and the premium may not be returned.”*

So I'm satisfied that AIEL made Mr L sufficiently aware that he needed to tell it about any changes in the details on his Statement of Facts, including his job. And so I think it's fair and reasonable for AIEL to rely on this policy term.

Mr L was made unemployed nine months into the policy year. And I think the policy makes it reasonably clear that he should have told AIEL about this change. AIEL has provided us with evidence from its underwriting guide to show that if Mr L had told it of the change then an additional premium would have been payable. It said Mr L only paid 55% of the premium he would have paid if he had informed AIEL of the change.

It's not our role to tell an insurer how to price their policies or what factors they should consider when calculating a risk. AIEL's decision on how to rate risks is its commercial decision. This doesn't break any relevant regulations and it's in keeping with standard industry practice. This isn't something that I would normally interfere with as it is a legitimate exercise of its commercial judgement.

I'm also satisfied that AIEL has provided evidence to show that the change in occupation to unemployed was a fundamental change of risk. And so I wouldn't normally say that it was wrong for AIEL to charge Mr L an additional premium and to settle his claim proportionately.

But since Mr L brought his complaint to us he has provided further information about his circumstances at the time he was made unemployed and had the accident. AIEL wasn't aware of these circumstances at the time it made its decision to settle the claim proportionately. But it has now been provided with this information. And the regulator requires businesses to exercise particular care with vulnerable customers. And so I think AIEL should reasonably reconsider its decision in light of this.

I'm satisfied that Mr L has provided us with convincing evidence to show that he was experiencing particularly challenging health issues at the time relevant to the claim. And I can understand that telling AIEL about his change in occupation wouldn't have been at the forefront of his mind.

So I accept that Mr L should have complied with the policy's terms and conditions and told AIEL when he became unemployed. But I think AIEL didn't treat Mr L fairly and reasonably by not reconsidering its decision to settle the claim proportionately after taking into account his vulnerability at the time. And so I think AIEL should now pay Mr L's claim in full. Mr L accepts that he will need to pay the additional premium for his policy year, and this should be deducted from the settlement.

### **Putting things right**

I require Accredited Insurance (Europe) Ltd to pay Mr L's claim in full with a deduction for the additional premium for the change in his circumstances.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Accredited Insurance (Europe) Ltd to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 September 2024.

Phillip Berechree  
**Ombudsman**