

The complaint

Mr P is unhappy Home and Travel Limited (“H&T”) failed to pass on important information to his buildings insurer which he says resulted in it declining a claim.

What happened

I issued a provisional decision on this complaint on 8 January 2021, an extract of which I’ve included below.

“Mr P took out a buildings insurance policy through H&T, an insurance broker. The policy was underwritten by a well-known insurer and the actions of this insurer are the subject of a separate complaint.

The policy was taken out in 2016 to insure a commercial property with several floors above it. Mr P completed an application for the policy, answering a number of questions to allow the insurer to assess the risk it was taking on.

In 2018, shortly before the policy was due to renew, H&T got in contact with Mr P to query the buildings sum insured as it thought this might be insufficient. Mr P said he’d assess this and come back to let H&T know.

Shortly after, he got in contact with H&T and asked it to increase the sum insured. During this call, he mentioned some work at the property. The policy renewed and the certificate of insurance confirmed the increase in the buildings cover.

Some time later, there was a fire at the property and Mr P contacted his insurer to make a claim. A loss adjuster was appointed to assess the damage and following its report, the claim was declined. The insurer said renovations were being undertaken on the floors above the property and if it had known these were in course, it wouldn’t have agreed to offer renewal of the policy.

Mr P wasn’t happy with this. He said he had let H&T know about the renovations when he’d asked for the buildings cover to be increased and it should have advised the insurer. H&T didn’t agree, saying Mr P had spoken about the renovations in the past tense so it had thought they were complete and therefore not relevant to the insurer. So, Mr P brought his complaint to this service.

One of our investigators considered the evidence and concluded H&T should have let the insurer know about the renovations. He said there were other insurers at the time which would have been willing to insure this risk and if H&T had done what it should have, it could have arranged an alternative policy for Mr P and his claim would likely have been paid.

He said because it didn’t and was therefore responsible for the declination, H&T should cover the cost of the claim once agreed by a loss adjuster which H&T would need to appoint and pay for. It would also need to take action to compensate Mr P for the impact of the policy being voided.

H&T didn’t agree and asked an ombudsman to make a decision

What I've provisionally 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.

My starting point for this decision is what the policy required Mr P to do if he were to undertake renovation works. The policy schedule states:

“Changes of circumstances

You must give immediate notice to [trading name of H&T] of any changes in circumstances that increase the possibility of loss.... Such circumstances include...if the property becomes empty or unoccupied or if you intend to carry out any form of renovation or building works to the property, need to be agreed by the insurer in writing...”

So, I think it was clear Mr P needed to obtain the insurer's permission before starting any renovation works. So I've thought about whether Mr P told the insurer or H&T

Did Mr P make clear the extent of the renovation work?

Mr P was under an obligation to make a fair presentation to the insurer to allow it to assess the risk it was accepting so I have looked at the evidence to consider whether he did this.

I've listened very carefully to the calls between Mr P and H&T in May 2018 when the renewal of the policy was discussed.

H&T proactively contacted Mr P shortly before the policy was due to renew as the underwriters were concerned the property might be underinsured. It asked Mr P if he wanted to increase the rebuild cost from its then current figure of £201,000. Mr P asked if he could get back to them.

In the follow up call later that month, Mr P let H&T know he wanted to increase the rebuild cost to £395,000. The conversation continued and Mr P mentioned briefly about the work on the property. H&T says this was spoken about in the past tense as if the work had already been completed; our investigator thought it was talked about in the present tense, as if it was ongoing.

I've listened to the call a number of times and, due to the quality of the recording, I can see how this could be interpreted either way by the listener. There was little emphasis placed on the works and it was only mentioned in passing by Mr P.

I say this as Mr P didn't give any indication of what works were being completed, the value of these works, or how long they had taken or were taking. So it seems to me Mr P's intention within the call hadn't been to inform H&T of the ongoing works in line with the obligation I've mentioned above, and instead was simply to increase the sum insured

I've then gone on to consider the other evidence available. While Mr P told the insurer's loss adjuster, he had undertaken more than £60,000 of work on the property by the time of the fire, he told our investigator he hadn't mentioned it to them because he considered the work to just be “cosmetic improvements”. On balance, it seems to me Mr P didn't consider the size or nature of the work warranted notification to the insurers. And from what I've seen, this seems in keeping with his conversation with H&T.

I think if Mr P had been clearer about the nature of these works to H&T, it would have had the opportunity to look for alternative policies that might have meant the claim for fire damage was paid. But that didn't happen, so I don't think H&T has done anything wrong in

not letting the insurers know about the renovation works and the change in the nature of the risk as this simply hadn't been made clear to it.

And it therefore follows I'm satisfied it wasn't responsible for the declination of the claim and I won't be asking it to do anymore."

I invited the parties to submit any further comments or evidence for consideration. H&T responded but had nothing new to add; neither Mr P nor his representative responded.

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.

And having done so, and in the absence of any new evidence, I see no reason to depart from my provisional decision. I remain satisfied H&T wasn't responsible for the declination of the claim and I won't be asking it to do anymore.

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 Mr P to accept or reject my decision before 22 February 2021.

Paul Phillips
Ombudsman