

The complaint

Mr W's complaint is about a specialist insurance policy he took out with Coverdrone Limited. He is unhappy that a claim he made for the loss of the drone covered by the policy, following an accident, has been declined. He considers the documentation associated with the policy was misleading and unclear, which meant he thought he had cover for damage and loss of his drone.

What happened

In 2021 Mr W applied for a policy from Coverdrone. Mr W completed an online form asking for a quote for cover. The form asked him whether he wanted to '*cover, or itemise any airborne equipment that you own?*' Mr W had the option to say 'yes' or 'no'. He selected 'no'. Mr W was also asked whether he wanted to include public/products/aviation liability, to which he selected 'yes' and chose £1,000,000 of cover. As such, the quote and subsequently, Mr W's policy, only covered him for liability to third parties.

The quote provided before Mr W bought the policy showed that the details in the second part of the document particulars about equipment. The first line allows for details of the drone to be documented, if they have been given: make, type, year of manufacture and any registration marks present. It then goes on to detail each type of cover the policy is able to provide for the equipment, with the sum assured applicable next to it. All of the areas of cover for equipment and data had sum assured written next to them and 'not insured' beside that.

Mr W applied for the policy he'd had quoted and Coverdrone sent him several pieces of documentation. The statement of fact took Mr W through the questions asked and his answers. He was asked to check it to ensure his answers were correct. Under '*Airborne equipment – drones*' it said:

Total value of all airborne equipment (including drones): Not insured

The policy schedule contained the same information as the quote, in the same format. So it also confirmed that Mr W's equipment wasn't insured.

The insurance product information document (IPID) provided is a document to be used as a quick guide for the generic policy that Mr W arranged. It opens with the statement that says the agreed sums insured for the covers detailed in the document are specified in the policy schedule. It does then detail what is covered by the policy – physical loss or damage and third-party liability.

In the autumn of 2021 Mr W made a claim under his policy for the loss of his drone. Coverdrone declined the claim as his policy only covered him for third-party liability. Mr W wasn't happy with this response and questioned there being no cover for the drone itself. During his correspondence with Coverdrone, Mr W admitted that he'd misread the question on the quotation request and answered it incorrectly. However, he considered that this mistake wasn't obvious as the documentation he was given was unclear and misleading.

Mr W complained, as he'd believed that his drone had been covered for loss and damage, as well as third-party liability. He also considered that the policy quote and schedule weren't clear about the cover provided and he believed the IPID document didn't comply with the regulator's requirements for such documents.

Coverdrone responded to Mr W's complaint. It took him through the questions on the application, confirming that he hadn't chosen to insure the drone itself. It then commented on the documentation provided to Mr W, before and after the application was made. It highlighted the areas of the documents that had confirmed the drone was not insured. Coverdrone reminded Mr W that the IPID said at the outset that the agreed sums insured are specified in the policy schedule, so it didn't consider the document was misleading. It didn't uphold the complaint. However, as a gesture of goodwill Coverdrone offered to refund the policy premium to Mr W, given it appeared that the policy didn't provide the cover he had wanted.

Mr W wasn't happy with Coverdrone's response and asked this service to consider the complaint.

One of our investigators considered the complaint, but he didn't uphold it. He was satisfied that Mr W hadn't asked for cover for damage or loss to his drone and that this would have been clear from the quote, policy schedule and statement of fact. In relation to the IPID the investigator explained that this was a general policy summary and it was meant to be read in combination with the policy schedule and terms and conditions. In that context, he didn't consider it misled Mr W about the policy benefits. The investigator reminded Mr W about the offer to refund the policy premium Coverdrone had made and asked if he wanted to accept it.

Mr W didn't accept the investigator's conclusions. He reiterated his concerns about the IPID and that this meant that he was misled about the benefits the policy offered. Our investigator responded to Mr W's further comments, but he didn't change his view that Mr W had enough information to know that his drone wasn't covered for damage or loss. Mr W asked that the complaint be escalated and so it has been passed to me for consideration.

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.

The policy Mr W chose to apply for is one that offers two core types of cover. The first being cover for physical damage to the drone and the other public liability. These are not optional covers in the terms the regulator means within the regulations Mr W has referenced. Rather they are the core benefits of the policy, but a policyholder has the option not to have one or the other area of cover if they choose.

When Mr W requested a quote for a policy he was asked to confirm if he wanted cover for physical damage/loss for his drone and public liability cover. I think the questions were clear and Mr W confirmed that he didn't want cover for physical damage/loss, but did want public liability cover. As such the subsequent documentation specific to his policy showed physical damage/loss risk was not insured.

Mr W has said that he considers the quote and policy schedule were confusing. He has explained why, and this is because he has chosen to read part 2 of the details of cover as a table with headers, rather than as each horizontal line detailing individual items. I don't think Mr W's interpretation of the information as a table is how it was intended or the way that an average consumer would view the information. I don't find the way Coverdrone has

presented the information about the cover provided was misleading, and I don't think it was Coverdrone's fault if Mr W misinterpreted it.

I have considered Mr W's concerns about the IPID document. I am not sure that his interpretation of the regulations is correct in this respect. However, even if it were, that doesn't mean that his complaint would be upheld. The document makes it clear that it needs to be read in conjunction with the policy schedule, which confirms the amounts insured for each area of cover. The policy schedule clearly showed that there was no cover for physical damage or loss.

I know this will disappoint Mr W, but I am satisfied that the information and documentation provided to him made it clear that the policy he had taken out only provided him with public liability cover. As such, I can't find that Coverdrone acted inappropriately when it declined his claim.

Coverdrone offered to refund the policy premium to Mr W. This isn't something that I could require it to do in the circumstances, but if Mr W wants to accept that offer, he should contact Coverdrone directly.

My final decision

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 18 March 2022.

Derry Baxter
Ombudsman