

## **The complaint**

Miss F and Mr H feel they were misled by Tesco Underwriting Ltd when purchasing their home insurance policy.

## **What happened**

Miss F and Mr H purchased home insurance through an online comparison site with the policy commencing in May 2021. They opted to add personal possessions cover to ensure mobile phones were covered.

Miss F says Tesco advertised cover for personal possessions up to £2,000 and it referred to mobile phones as an example. This is what prompted her to take the extra cover.

In June 2021 Miss F's mobile phone was damaged beyond repair after it fell from her bag and was run over by a vehicle. She submitted a claim on her home insurance policy so she could replace the phone.

Tesco accepted the claim and advised the maximum claim value for mobile phones was £600. Miss F was unhappy about this as she wasn't aware of it, to replace her phone it would cost £900 and she believed she was covered up to £2,000. She was also unhappy with the service Tesco's representative provided.

Tesco explained that personal possessions provides cover for up to £2,000 but there were some limitations to specific items such as mobile phones. They explained the policy booklet was available to view prior to purchase and after, along with the policy documents.

After purchase they sent those documents by email and asked Miss F to register her online account and read all the policy documents. These documents further detailed the limitations to cover, specifically the mobile phone limit of £600. So they would pay the claim up to the limit of cover.

They also accepted their representative could have handled things better and awarded £25 compensation in recognition of this.

Miss F and Mr H referred their concerns to this service. Our investigator didn't feel Tesco needed to do anything more. Miss F and Mr H remained unhappy, they don't feel the limits in relation to mobile phones was sufficiently brought to their attention, it has therefore 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 decided not to uphold this complaint. I know this will be disappointing for Miss F and Mr H but I've explained my reasoning below.

Tesco have a responsibility to handle claims promptly and fairly. They should also ensure information they provide is clear, fair and not misleading.

I've reviewed the online process to see what information would have been presented at the time of the sale. The online comparison provider gave an example of personal possessions cover and limitations. It identified mobile phones as an example of what would be covered with a limitation of up to £2,000. Once transferred to Tesco's site it prompts the buyer to read the product information in relation to contents cover before purchasing the policy to ensure it meets their needs. It also explains that exclusions and limitations will apply to the cover and provides a link to the policy booklet for the buyer to read.

It then provides the option to add cover away from home for personal possessions worth £2,000 or less. It again explains that exclusions, limitations, and excesses may apply and provides a link to the policy booklet for full details.

Following this, a further screen says:

*"Please read the Policy Booklet and Terms of Business before buying this insurance to make sure it meets your needs and you're aware of the benefits, limitations and exclusions of the cover, including cancellation rights and refunds."*

This again links to the relevant documents for review.

The policy booklet details what is and isn't covered under the policy. In relation to personal possessions, the policy booklet says:

*"What is covered – Your or your family's personal possessions, money, credit cards and mobile phones are covered for loss, theft and damage anywhere in the UK (including your home) and for up to a total of 60 days in any period of insurance when you and/or your family are abroad."*

*"What is not covered – The total excess shown in your schedule for every claim. Any amount above the maximum claim limit shown on your schedule"*

The "maximum claim limit" is a defined term in the policy and the definitions section defines it as *"The most we will pay for any one claim under the relevant section as shown in your schedule. If the limits shown in your schedule are not enough, please contact your administrator"*.

The policy schedule says:

*"This covers items that you or your family wear or normally carry around with you including baggage, clothing, jewellery, watches, binoculars, sports equipment, musical and photographic equipment and furs...In addition Money is covered up to £500. Mobile phones are covered up to £600 and credit cards are covered up to £500. Any items worth more than £2,000 need to be noted as a specified item if cover is required away from the home."*

Whilst I appreciate Miss F and Mr H's thoughts on the information presented to them on their online account and at the point of sale regarding the personal possessions cover, I don't find the documentation at the point of sale misleading. It's clear the policy booklet needs to be read in conjunction with the schedule of insurance. On page 2 of the policy booklet it says:

*“This policy booklet together with your schedule and statement of fact form the contract of insurance between you and us. This policy booklet contains important information about what is covered and what is not covered under this policy. Your schedule will show the details of your cover, including which sections of the policy apply and any excess that applies if you make a claim.”*

Whilst the information presented on the online account after the purchase could have been clearer, it was a summary of the overall cover they had in relation to personal possessions. At the point of sale, the process was clear that exclusions and limitations may apply, it asked the buyer to read the policy booklet and terms of business before purchasing. As it was a non-advised sale it was for Miss F and Mr H to review the cover outlined in these documents to ensure it met their needs.

After purchase, Tesco provided the schedule and policy booklet to them and it was for them to check this to ensure the cover provided was the same level of cover they had selected at the point of sale. I understand why Miss F said she didn't feel the need to download the full insurance schedule as she had looked at the policy booklet. But the policy booklet is a generic document which covers various scenarios. The schedule details the specific cover and limitations which forms the basis of the contract between Miss F and Mr H and Tesco. It highlights the specific details of the policy purchased and level of cover provided and has the policy holder's personal information.

It's important to review this information to ensure the personal information and level of cover in place is correct. This is what Tesco asked Miss F and Mr H to do. I can see the limitations to cover were clearly detailed in a table on page two. As such, I'm satisfied this information was prominently and clearly displayed. If it had been reviewed it would have been clear to Miss F and Mr H that the limit for mobile phone claims was £600. And if this wasn't suitable, they had a 14-day cooling off period which meant they could cancel the policy within 14 days of taking it out without penalty. So I'm satisfied Tesco have complied with the terms and conditions of the policy when agreeing to settle the claim.

In response to the customer service concerns, Tesco have accepted their adviser should have provided a better service when handling Miss F's call. Having listened to the call I can see why Miss F was unhappy with the comment made. They've awarded £25 as an apology which I think is fair in the circumstances, the comment made wasn't professional or necessary, but the general handling of the call was ok.

There were some further concerns about the service provided after Tesco issued their final response. Having asked Tesco about this they've explained the complaint handler was isolating at this time so their responses were delayed. The pandemic has had an impact on everyone and I'm aware it has affected business operations. I can understand this would have been frustrating for Miss F and Mr H but was something that was outside of Tesco's control. As a final response had been issued, Miss F and Mr H were able to refer their concerns to our service at this time.

Overall, I'm satisfied the information provided at the point of sale wasn't unclear, it was for Miss F and Mr H to review the documents including the schedule to ensure the cover met their needs. Whilst the online summary after the purchase wasn't specific about limitations, the schedule provided at the outset was clear about the cover that was in place.

### **My final decision**

My final decision is that Tesco Underwriting Ltd should pay Miss F and Mr H £25 if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F and Mr H to

accept or reject my decision before 25 May 2022.

Karin Hutchinson  
**Ombudsman**