

## **The complaint**

Mr M is unhappy that Soteria Insurance Limited (SIL) declined his claim under his contents insurance for damage to his personal camera and technology equipment.

Mr M confirmed he is the sole policyholder and his wife is a named authorised contact.

## **What happened**

Mr M bought contents insurance through a broker which renewed each year. In early 2020, he made a claim under the policy after he accidentally broke his camera, laptop and hard-drive.

The underwriter, SIL, looked into his claim but said he wasn't covered for accidental damage. Mr M disputed that because he believed he'd paid for accidental damage as additional cover. SIL checked with the broker which confirmed that although the policy did not include accidental damage cover for contents, it did include personal possessions cover. SIL considered Mr M's claim but, after discussing his use of the equipment, it declined cover under the business equipment exclusion.

Mr M complained. He said the equipment was for personal use and SIL had made incorrect assumptions that he used his personal equipment for his work. He felt SIL had tricked him into saying he used the hard-drive for business use because cover was available for lost business data. Mr M was also unhappy with SIL's response to some personal comments he made during a call.

SIL maintained its decision, explaining that it had enough evidence to suggest the claim was for business equipment.

Our investigator upheld Mr M's complaint. In the absence of call recordings confirming Mr M said his claim was for business equipment, he didn't think it was fair that SIL relied on Mr M's online profile to draw conclusions about its purpose. Our investigator recommended that SIL pay the claim for all three pieces of equipment. However, he didn't think SIL had responded inappropriately to Mr M's comments and no action was proposed in respect of that issue.

Mr M accepted the proposed outcome but SIL didn't agree. It said agents made notes during the calls which indicated Mr M's equipment was for business use. SIL didn't think it was fair to disregard that evidence and asked for a further review.

The complaint was 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.

I've decided to uphold Mr M's complaint and I'll explain why.

The key issue is that Mr M doesn't think it was fair that SIL declined his claim under the business equipment exclusion.

Looking at the policy documents, cover was available to Mr M as follows:

*Cover Details*

*Sections of the Home Insurance policy that apply: 6, 7, 8, 9, 10, 11, 12, 13, 14 & 15*

*11 Personal Possessions*

*Your insurer will pay for:*

*Item 1 - loss of or damage to your personal property up to the sum insured shown under the personal possessions section on your Schedule of Insurance. The maximum amount your insurer will pay for one item, pair or set is £1,500.*

*Your insurer will not pay for:*

*Loss or damage listed under section 12 General Exceptions;*

*Loss or damage to possessions specifically insured under item 3 of this section.*

*12 General Exceptions Applying to Section 11*

*Your insurer will not pay for:*

*4. Loss of or damage to:*

*i) Personal property, money or pedal cycles held or used for business purposes;*

*10. Loss of or damage to business equipment unless specified under item 4 of section 11.*

*Item 4. Under section 11 states:*

*Your insurer will pay for:*

*Item 4 - loss of or damage to specified personal property up to the amount shown for each item on your Schedule of Insurance.*

I'm satisfied the policy wording shows that business equipment would only be covered if listed as a specified item in the schedule. Looking at Mr M's policy schedule, no individual items are specified. So, assuming Mr M's equipment was used for business, SIL would've fairly declined his claim in line with the General Exceptions in the policy terms and conditions.

That brings me to the next point, which is that Mr M said he didn't use the camera, laptop or hard-drive for business. Therefore, he doesn't think the business equipment exclusion applies.

My role, here, is not to decide whether Mr M used his equipment for business purposes: instead it is to decide whether SIL declined his claim fairly based on the evidence available.

When Mr M made his claim, it was his responsibility to show that an insured peril happened. That is, he needed to show that his equipment was damaged. I've seen in the email evidence that he offered to send the equipment to SIL, but it declined. I haven't seen anything to suggest that SIL doubted the equipment was damaged, so I don't think Mr M needed to do any more to prove he had a claim.

It then became SIL's responsibility to either settle the claim or demonstrate why it wasn't covered under the policy. SIL listened to the recording of the call when Mr M first made his claim, and considered that alongside his comment that the hard-drive may have held

business documents. SIL also looked at Mr M's professional online profile. Based on this evidence, SIL decided the equipment was more than likely used for business purposes.

Unfortunately, the call recordings aren't available, so I've had to rely on the notes made by the agents at the time. I see no reason to give the agent's notes any less weight than Mr M's recollection of events.

SIL clearly believes Mr M used the equipment for his business. Mr M said he didn't, albeit there may have been some work documents on his hard-drive. Having considered the evidence, I find that I'm not persuaded by SIL's position. That's because:

- Mr M said he *may* have had some work documents on his hard-drive, not that he *did*. If the hard-drive was used for business purposes I think it's more likely that he would've had certainty about this point.
- SIL's investigation into Mr M's online business profile, which I've also looked at, doesn't support its reasons for declining the claim. That's because the equipment damaged was quite different to the type of equipment Mr M used for business purposes.
- On balance, while it's possible Mr M used his equipment in some way for business purposes, the evidence suggests it was mainly for personal use and as part of his hobby.

I appreciate it would be difficult for Mr M to prove that the equipment wasn't used primarily for business, but the onus was on SIL to provide evidence to show that he did. I can't fairly say that SIL has shown that it was more likely than not that Mr M used his equipment for business.

For these reasons, I don't think SIL treated Mr M fairly when it declined his claim. To put this right, SIL should reconsider his claim in line with the remaining terms of the policy without relying on the exclusion for business use.

Turning now to the additional points, Mr M was unhappy that SIL asked the police to visit Mr M after he made comments of a personal nature on the phone. I understand SIL was concerned for his welfare.

Mr M seems to have accepted SIL's reasoning for its actions. Looking at the evidence, I haven't seen any evidence that SIL acted inappropriately. It had concerns for Mr M's welfare and alerted the appropriate authority. I don't think SIL did anything wrong in being cautious.

When Mr M first raised his claim, SIL said he didn't have accidental damage cover, so it couldn't consider his claim under that part of the policy. Mr M disputed that and I can understand it would've caused him concern at the time. Having looked at the policy, it does provide cover for loss of or damage to personal possessions. SIL received confirmation from the broker about the cover available, and it has since accepted that it made a mistake here. As I've decided that SIL should reconsider Mr M's claim in line with the policy terms and conditions, I'm satisfied that this matter hasn't caused him any material loss.

Overall, I think there's sufficient evidence to suggest that SIL declined the claim unfairly relying on the business equipment exclusion. Although not conclusive, the evidence does lend greater weight to Mr M's position. Therefore, SIL should reconsider Mr M's claim in line with the remaining policy terms and conditions.

### **My final decision**

For the reasons given above, my final decision is that I uphold Mr M's complaint and Soteria Insurance Limited must:

- reconsider Mr M's claim in line with the policy terms and conditions without relying on the business use exclusion.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 August 2022.

Debra Vaughan  
**Ombudsman**