

The complaint

Mr and Mrs A complain that Gresham Insurance Company Limited (Gresham) declined their claim for specified items following a burglary at their home.

What happened

Mr and Mrs A took out home insurance online with Gresham. The contents insurance included specified personal belongings, namely 2 wedding rings valued at £10,578.

In October 2020 Mr and Mrs A's house was burgled. The burglary took place during the daytime when only Mr and Mrs A's son was present. A number of items were stolen including two wedding rings which had been stored in a safe in a cupboard on the second-floor landing. The rings were valued at £9,950.

Gresham accepted the claim and paid Mr and Mrs A a cash settlement but declined the wedding rings. They said that the personal belongings condition was not adhered to. They referred to the policy and said that as the wedding rings were not with Mrs A or in the same room as her when the burglary took place, they were not covered under the policy.

Mr and Mrs A complained. They said that their son had been in the same room as the rings but when he heard the burglar entering the property, he hid in a walk-in wardrobe in his bedroom. They thought that it was unfair to refuse their claim because their son had hidden for his own safety. Gresham didn't agree and said that the terms of the policy had been breached.

Mr and Mrs A brought their complaint to this service. As well as saying that they weren't in breach of the condition, they also said that they had not been aware of the personal belongings condition. Our investigator looked into the matter and agreed with Gresham that the condition had not been complied with. However, she upheld the complaint as she thought the personal belongings condition had not been properly highlighted to Mr and Mrs A when the policy was taken out and that it was unfair for Gresham to rely on it. She said that Gresham should re-assess the claim. She also awarded Mr and Mrs A £200 compensation as it took Gresham over three months to inform them that the rings would not be covered.

Mr and Mrs A accepted the investigator's decision, but Gresham didn't. They said that the policy was taken out online and that the personal belongings condition had always been included at renewal. They said that it was included in the policy schedule which formed part of the policy and that Mr and Mrs A had been advised to read this before agreeing to the terms. They asked for the matter to be considered by an ombudsman.

My provisional decision

On 22 June 2022 I issued a provisional decision. I said:

"There are two elements to this complaint, and I will deal with them separately.

Mis-sale of the policy

Mr and Mrs A say that they were not aware that the policy contained a personal belongings condition. Had the condition been sufficiently brought to their attention, they say they would not have taken out the policy but found another without such a condition.

The policy was first taken out online in February 2018. Gresham are unable to provide any details of the application and say that the current online application is different to that completed in 2018. They have said that the value of the rings would have automatically triggered the personal belongings condition which was then included in the policy. However, I've seen no evidence that this was specifically brought to Mr and Mrs A's attention during the application process.

Gresham have provided a copy of the documents sent to Mr and Mrs A immediately after their application in 2018 and I've seen these. I've also seen the renewal documents for February 2020. Mr and Mrs A were asked to read the documents and check the information was correct. The rings are specifically mentioned in the contents section of the schedule on page 4, but there is no reference at that point to there being any additional conditions. These conditions are found at the bottom of page 5 after details of the premium payable.

Gresham have said that they can't have mis-sold the policy because it was taken out online. I disagree – insurers have a duty to provide policyholders with sufficient clear information about their products when taking out or renewing policies whether that be online or otherwise. This service's approach to mis-sales is that if a policyholder has to take specific action to comply with a particular condition, then it should be specifically brought to their attention. This is particularly so if the condition takes away a specific part of the policy if it is not complied with - as is the case for Mr and Mrs A.

Whilst I accept that the personal belongings condition is contained within the schedule, I don't think it was specifically highlighted to ensure that Mr and Mrs A were aware of it. I therefore don't think that it's reasonable for Gresham to rely upon the condition to decline the claim.

Personal belongings condition

My starting point is to look at the policy terms. Mr and Mrs A's wedding rings are included in the schedule as specified personal belongings. Page 5 of the schedule says "It is a condition of this policy that this item of the personal belongings section is worn or carried by you or, whilst in your home or temporary residence, kept in a room in which you are present."

The policy booklet contains a definitions section. It defines "You, Your" as "The person (or people) named in your schedule, their domestic partner and members of their family (or families) who are permanently living with them and their foster children who live with them."

At the time of the break in, Mr and Mrs A's son was sitting on the stairs leading to the second-floor landing. The wedding rings were in a safe bolted to the floor of a cupboard on the second-floor landing. I've viewed the video interview with Mrs A where she demonstrates where the cupboard is in relation to the stairs and her son's bedroom. They are all in very close proximity. Whilst the stairs and landing may not be a "room" as such, they are one continuous space. As such, I don't think it unreasonable to say that Mr and Mrs A's son was in the "same room" as the rings when the break in occurred. I accept that when the rings were stolen Mr and Mrs A's son was not in the same room, but only because he was hiding in the wardrobe in his bedroom for his own safety.

Gresham have refused the claim as Mrs A was not wearing the rings or in the same room as them when they were stolen. However, I don't think Gresham's approach is fair. I'm satisfied

that Mr and Mrs A's son is included under the term "you" in the policy and so if he were in the room where the rings were kept, then the condition is satisfied. It cannot be reasonable to expect an insured, whether it be Mr and Mrs A or their son, to put themselves at risk in order to comply with a condition of their insurance. Mr and Mrs A's son had been sitting in the same 'space' as the cupboard and close to it when the burglary commenced and only moved for his own safety. I therefore think it unreasonable for Gresham to refuse the claim for breach of this condition.

I also think that although it was not a condition of the policy that the rings be stored in a safe, it was certainly the responsible thing to do. The purpose of the personal belongings condition must be to ensure that the rings are kept safe, and it is difficult to see what more Mr and Mrs A could have done to keep the rings secure when they were not being worn.

I've considered the issue of compensation. It took Gresham approximately four months to inform Mr and Mrs A that the rings were being declined. They weren't initially told that there was an issue with the rings at all and I think Gresham's communication regarding this could have been better. The burglary was a very distressing experience for the family as Mrs A mentioned in the video interview. I think that having the claim declined would have added to their distress and I therefore agree with our investigator that an award of £200 for distress and inconvenience would be fair."

Response to my provisional decision

Mr and Mrs A accepted my provisional decision. Gresham didn't respond with any further comments.

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.

As neither party provided any new information, I see no reason to change my decision. My final decision and reasoning remain the same as my provisional decision.

My final decision

My final decision is that I uphold this complaint and require Gresham Insurance Company Limited to:

- deal with Mr and Mrs A's claim for the wedding rings under their policy; and
- pay Mr and Mrs A £200 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to accept or reject my decision before 30 August 2022.

Elizabeth Middleton
Ombudsman