

The complaint

Mr and Mrs H complain AXA Insurance UK Plc has declined their claim on their home insurance policy. AXA say Mr and Mrs H are underinsured.

Mr H has primarily dealt with the claim and complaint, so I'll refer to him only in the remainder of this decision.

What happened

The background of this complaint is well known to both parties. So, I'll summarise the key points I've focused on within my decision.

In February 2022, Mr H made a claim for storm damage which was initially declined by AXA as it said the weather conditions didn't meet its criteria for storm.

Mr H was able to provide some further information, so AXA sent its contractor to do an enhanced claim validation report. It accepted the garden retaining wall had fallen due to storm however it noted that Mr H was underinsured by 98% for the outbuildings on his policy.

Mr H thinks he has been misled by the definition of outbuildings and thought he was properly insured as his buildings cover is up to £1,000,000.

Our investigator didn't uphold the complaint. Mr H didn't agree, he said our investigator had considered the wrong policy document he also felt that the sequence of the process had not been appreciated. So, he asked for his complaint to be passed to an Ombudsman to make a final decision.

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.

Mr H has said our investigator has looked at the most recent policy document not the one that was covering at time of incident. Mr H provided his policy document but having checked it I see this was issued in 2015. I've checked Mr H's renewal documents that were sent to him in December 2021. This clearly tells him that this replaces the current policy and the key changes are at the end of the document and the full policy wording can be found on the website and it provided the website address. I'm therefore satisfied the 2021 document is the correct one to review when considering this claim.

The crux of Mr H's argument is he felt he had insured all his property genuinely for the right amount. But he understood the definition of outbuildings to be different to what has been specified in the policy document and this has led to him being underinsured for this part of the policy.

I appreciate Mr H has said when he first took out the policy, he says he was asked the cost of rebuilding the property. Mr H says he took 'property' to mean all of what was in his boundary (including boundary walls) and thought £1,000,000 would cover this.

And Mr H doesn't dispute he was also told that the policy included £7,500 cover for outbuildings and was asked if this was sufficient. Mr H says he does have one outbuilding and he wasn't bothered if it was insured or not as he was considering demolishing it. So, he says he clicked yes to this question. But Mr H says he wasn't aware of what else was included as 'outbuildings'. He says he didn't realise that the £1,000,000 wouldn't cover everything.

If an insurer has 'defined terms' - words that have a specific meaning, we expect to see these words to be listed in the definitions section of the policy. I can see in this case 'outbuilding(s)' has been defined it says:

"Fixed structures or buildings detached from the Home located within the Boundary that You are legally responsible for.

Outbuildings include but are not limited to:

- *detached garages, sheds, boundary or garden walls, fences, tennis courts, swimming pools, external car ports, driveways, patios, artificial lawns, septic tanks, soakaways or sewage treatment centres."*

So, this definition will supersede what Mr H may think the everyday meaning of outbuilding is. The policy also includes a couple of diagrams that are colour coded to go with the written definition. I'm persuaded the definition is clear and the diagrams add extra clarity.

I've gone onto look at Mr H's renewal documents that were sent to him in December 2021. This clearly says *'It's important to review your policy documents each year to make sure it meets your needs; especially as you have been with us a number of years...'* I appreciate Mr H said he didn't feel he needed to check his understanding of 'outbuildings' but it is important for customers to check all the documents to make sure the cover meets their needs.

On Mr H's schedule there is a clear breakdown of the insured sums, this shows buildings cover at £1,000,000, and outbuildings cover at £7,500 it goes on to breakdown contents etc. Next to each cover it refers you to the relevant part of the policy document, in this case Section 1 is listed for both building and outbuilding's cover.

Looking at Section 1 in the policy – 'Buildings cover' it says under what is covered *"Buildings Cover is designed to protect Your Home and Outbuildings against the full range of risks (called "Insured Losses") summarised below.* ". I note all the capitalised words -Buildings Cover, Home and Outbuildings are defined in the definitions. I'm satisfied the terms are clear.

I can see the amount Mr H is wanting to claim is less than the total amount of outbuildings cover. However, in cases like this where under insurance has been shown it's reasonable for AXA to pay a proportion of the claim depending on the percentage amount underinsured. AXA has said that Mr H is 98% underinsured. This would make his claim less than the excess payable leaving nothing for AXA to pay.

So, in summary I'm satisfied that outbuilding(s) is clearly defined, the schedule shows the breakdown of the insured cover and Mr H was informed of the importance of checking his policy documents at renewal. AXA have fairly stated this would lead to a proportionate payment but there wouldn't be anything due to pay. I'm satisfied this is in line with the policy terms and what we'd expect, so I won't be asking AXA to do anything else.

My final decision

For the reasons given above I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 2 December 2022.

Angela Casey
Ombudsman