

## **The complaint**

C, a limited company, is unhappy Great Lakes Insurance SE turned down a claim it made on its Combined Liability Insurance policy.

## **What happened**

In October 2021 there was a break in at C's premises. It made a claim on its policy for losses relating to that. Great Lakes turned down the claim. It thought C hadn't traded since December 2020; initially because of Covid-19 and then because of renovations. And so its premises were unoccupied at the time of the break in. It said it hadn't been notified of the unoccupancy and didn't believe C's brokers had either. If it had known about this cover would have been reduced and theft would have been excluded. It turned down the claim C made.

Our investigator didn't agree the claim had been correctly turned down. He didn't think the issue here was what C told its broker but whether the premises were unoccupied at the time of the loss. And the policy defined unoccupancy as *"when the Premises are closed for Business for a period in excess of 14 consecutive days"*.

In this case C operated a café. And while its dine in service was closed because of refurbishment it had continued to provide food for a local club every Friday (and sometimes on a Saturday or Sunday). From August 2021 it also operated a takeaway service on Friday evenings. Our investigator didn't think the definition of unoccupancy in the policy was met and said Great Lakes should reconsider the claim against the remaining terms and conditions.

C agreed with what he'd said. Great Lakes acknowledged receipt of his view but didn't provide a response. So I need to reach 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.

The relevant rules and industry guidelines say Great Lakes has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

The terms and conditions of C's policy set out general obligations which include a requirement that it must notify Great Lakes of specified alterations in risk. That includes:

*You must immediately notify Us if:*

- i) the Business is being wound up or carried on by a liquidator or receiver or permanently discontinued, or*
- ii) our interest ceases except by will or operation of law; or*
- iii) there is a change of trade or use of the Premises; or*
- iv) the Buildings becoming Unoccupied,*

*otherwise the Policy will be treated as cancelled and all cover will terminate unless You have notified Us of any such alteration(s) described in i) – iv) above and at Our option We have agreed to vary the Policy.*

*Unoccupied is defined as "When the Premises are closed for Business for a period in excess of 14 consecutive days".*

Great Lakes hasn't suggested the definition of premises or business set out in the policy weren't met in this case. It's turned down the claim because the buildings were unoccupied and it hadn't been notified of that. However, the definition of "*Unoccupied*" in the policy makes clear that premises need to be closed for business for a period in excess of 14 consecutive days.

In C's case it doesn't appear that applies at any point from soon after Covid-19 restrictions were lifted. It's told us it was fulfilling a contract to provide food from the premises to a local club on an ongoing and at least weekly basis. And from August 2021 it was also open for takeaway service on a Friday evening. I appreciate a dine in service wasn't available while refurbishments were taking place but, based on what C has said, it appears clear the premises weren't closed when the break in took place. And Great Lakes hasn't provided anything to dispute what it's said.

Given that I agree it hasn't correctly declined this claim. And so it will need to reconsider it in line with the remaining terms and conditions of C's policy.

### **My final decision**

I've decided to uphold this complaint. Great Lakes Insurance SE will need to reconsider the claim in line with the remaining terms and conditions of C's policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 14 March 2023.

James Park  
**Ombudsman**