

## The complaint

Mr and Mrs R complain that Acasta European Insurance Company Limited unfairly declined a claim they made under their furniture insurance policy.

Acasta is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agent. As Acasta has accepted it is accountable for the actions of the agent, in my decision, any reference to Acasta includes the actions of the agent.

## What happened

In 2018, Mr and Mrs R took out a five year policy with Acasta when they bought a suite of furniture.

In late 2022, Mr and Mrs R made an accidental damage claim under the policy after a button came off the footstool. Acasta declined their claim. It said the policy provided cover for accidental events resulting in cosmetic damage such as stains, rips tears and burns. There was no cover for quality issues, faults or defects.

Mr R raised a complaint, but Acasta maintained its position to decline the claim. It said that the accidental damage section of the policy provides cover for a rip or tear, burn, scratch, puncture or scuff to leather. The leather itself wasn't damaged, so it didn't think it was wrong to decline the claim.

Mr R remained unhappy, so he referred his complaint to our service.

Our investigator thought the complaint should be upheld. He didn't think the policy terms made it clear that a button being ripped off the furniture wasn't covered. He recommended that Acasta reconsider the claim.

Acasta disagreed with our investigator's outcome. It said "*Accidental Damage Leather*" on the certificate of insurance made it clear that the leather is covered, and the leather terms under accidental damage apply. So, the complaint has 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 to uphold Mr and Mrs R's complaint. I'll explain why. Mr R says the damage to the footstool was caused by something sharp in a family member's pocket which resulted in the button becoming detached.

**"Accidental damage"** is defined in the policy as: "*The sudden and unforeseen damage to the product(s) not otherwise excluded under this policy.*"

**"Product, products"** is defined as: "*The item(s) detailed under 'PRODUCT(S) COVERED' shown on the front of this Certificate of Insurance.*"

The footstool is listed under the “**Product(s) covered**” on the Certificate of Insurance.

I think it would be reasonable to conclude that a button accidentally becoming detached from the footstool as described by Mr R would fall under Acasta’s definition of “*accidental damage*”.

However, Acasta says this incident isn’t covered. It says the definition should not be viewed by itself as a description of what is covered and needs to be viewed in the context of the rest of the terms and conditions. It has referred to the following policy terms:

“*WHAT IS COVERED*”

*Each cover type described below only applies if you have paid the appropriate premium and is shown on the front of this Certificate of Insurance within the section ‘What is Covered’.*

i) *STAINING UNTREATED*

*Accidental staining to fabric and leather upholstery, cabinet furniture, carpet and beds from any substance except; mineral oils and soot.*

ii) *ACCIDENTAL DAMAGE*

a) *Fabric and beds: Accidental damage resulting in a:*

- *Rip or tear*      *Burn*

b) *Leather: Accidental damage resulting in a:*

- *Rip or tear*      *Burn*      *Scratch*
- *Puncture*      *Scuff*

c) *Cabinet furniture: Accidental damage resulting in a:*

- *Dent*      *Burn*      *Chip*
- *Scratch*      *Heat-ring(s)*      *Breakdown of glass components”*

Mr and Mrs R’s certificate shows that “*ACCIDENTAL DAMAGE LEATHER*” and “*STAINING UNTREATED*” are covered.

Acasta says this means that the accidental damage section of Mr and Mrs R’s policy only provides cover for a rip or tear, burn, scratch, puncture or scuff to the leather. It says that it fairly declined the claim because the leather itself wasn’t damaged.

I appreciate that Acasta believes that this type of damage isn’t covered because the leather itself wasn’t ripped or torn. But I don’t think the policy terms are clear about this. Whilst the certificate says: “*ACCIDENTAL DAMAGE LEATHER*”, the policy terms don’t say that only damage to the leather will be covered. It could reasonably be interpreted that any damage to the leather product is covered, unless it’s excluded.

Where policy terms are ambiguous or unclear, it is usual for them to be interpreted in the favour of the consumer. An insurer should be clear in what cover they are willing or not willing to provide.

Having considered Acasta’s points, I’m not persuaded that it was fair for it to have declined Mr and Mrs R’s claim for the reason it did.

**Putting things right**

Acasta should:

Reconsider the claim in line with the remaining terms and conditions of the policy.

### **My final decision**

For the reasons I've explained, I uphold Mr and Mrs R's complaint and direct Acasta European Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 26 May 2023.

Anne Muscroft  
**Ombudsman**